

FEDERAL BUREAU OF INVESTIGATION
FOI/PA
DELETED PAGE INFORMATION SHEET
FOI/PA# 1216574-0

Total Deleted Page(s) = 12

Page 81 ~ Duplicate;
Page 98 ~ b6; b7C; b7D;
Page 103 ~ b6; b7C; b7D;
Page 104 ~ b7D;
Page 105 ~ Duplicate;
Page 106 ~ Duplicate;
Page 107 ~ Duplicate;
Page 155 ~ b6; b7C; b7D;
Page 158 ~ b6; b7C;
Page 159 ~ b6; b7C;
Page 160 ~ b6; b7C;
Page 161 ~ b6; b7C;

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX
X Deleted Page(s) X
X No Duplication Fee X
X For this Page X
XXXXXXXXXXXXXXXXXXXXXXXXXXXXX

Memorandum



To : SAC, ALBUQUERQUE (198B-AQ-NEW)

Date 11/13/91

From : SA [redacted] (GRA)

Subject: [redacted] UB(S), dba
A.C. HOUSTON LUMBER COMPANY;
THE [redacted] NAVAJO NATION - VICTIM;
OO: ALBUQUERQUE

194-182-J-2py

b6
b7C

On 10/24/91, [redacted] (Protect Identity), date
of birth [redacted] Social Security Account Number [redacted]

b6
b7C
b7D

[redacted] advised the writer that he believes that the Navajo Tribe and, as a result, the U.S. Government is being defrauded by "A.C. Houston Lumber Company" of Gallup, New Mexico. The A.C. Houston Lumber Company has been selling lumber to the Navajo Tribe, to be used in the construction of homes, which has been recut and remarked in such a manner as to conceal the fact that the lumber is being sold as a higher grade and at a higher price than it should be.

In addition, [redacted] believes that this lumber is being deliberately marked above the legitimate selling price so that a "front business", doing business as (dba) Sunshine Builders in Chinle, Arizona, receives a substantial kickback for submitting the paperwork provided by A.C. Houston to the Navajo Nation governmental offices for reimbursement and, by so doing, fraudulently claiming that the lumber was actually sold by Sunshine Builders.

b6
b7C
b7D

An initial interview has been conducted with [redacted]

b6
b7C
b7D

The above-listed case should be opened and a file number assigned.

2 Albuquerque

[redacted] : cmg

(2) *cmg*

b6
b7C

- 1* -

As titled

*Rotor
cc of Ref to
for info*

198B-AQ-43505-1

SEARCHED	INDEXED
SERIALIZED	FILED
NOV 13 1991	
FBI - ALBUQUERQUE	

b6
b7C

(File No.) _____

b7C



Universal File Case Number 198B-AQ-43505-JA1

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 12-6-91

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure
☐ Yes ☒ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

pictures taken by
+ provided to SA for developing ~~taken on~~

b6
b7C

b7D

b6
b7C

ROUTE TO PHOTO TECHNICIAN UPON RECEIPT

From: ~~Director, FBI~~~~(Attn: Photographic Processing Unit, Box 18903, T-151)~~

To:

SAC, SAN FRANCISCO

AIRTEL

DEC

1

5

27 PM '91

SAC, ALBUQUERQUE (198B-AQ-43505) (P) Cost Code: 3020:3545

Date: 11/19/91

Subject: UNSUB(s), dba
 A.C. Houston Lumber Company;
 THE NAVAJO NATION - VICTIM:
 CIR - FRAUD
 OO: ALBUQUERQUE

☒ Unclassified ☐ Confidential ☐ Secret

ENCLOSURES:

	Size	Type	Quantity
Film	35mm	Color	2 rolls
Negatives			
Prints			
Other (specify)			

(color and black & white work will not be
 accepted on same request)

CONTACT FOR INFORMATION: SA [REDACTED]

~~FIS~~

COMMERCIAL: [REDACTED]

b6
 b7C

WORK REQUESTED:

☒ Develop and print 1 ea. 3½ x 5
 Other:

(1) ROLL SCOTCH COLOR, ASA 200, 24 EXP.
 (PROVIDED BY CW ON 11/19/91 - OF SOUTH HOME)

(2) ROLL KODAK COLOR, ASA 400, 36 EXP.
 (TAKEN BY SA [REDACTED] ON 11/19/91)

b6
 b7C

JUSTIFICATION: ON-GOING INVESTIGATION

1 - San Francisco
 2 - Albuquerque
 (1 - 198B-AQ-43505)
 (1 - 66F-1592)

[REDACTED] pjd

PHOTO TECHNICIAN (Int.) _____

The above is ☐ attached
☐ being sent under separate cover, via ☐ registered mail
☐ air freight

198B-AQ-43505-5

SEARCHED	SERIALIZED
DEC 22 1991	
FBI - ALBUQUERQUE	

b6
 b7C







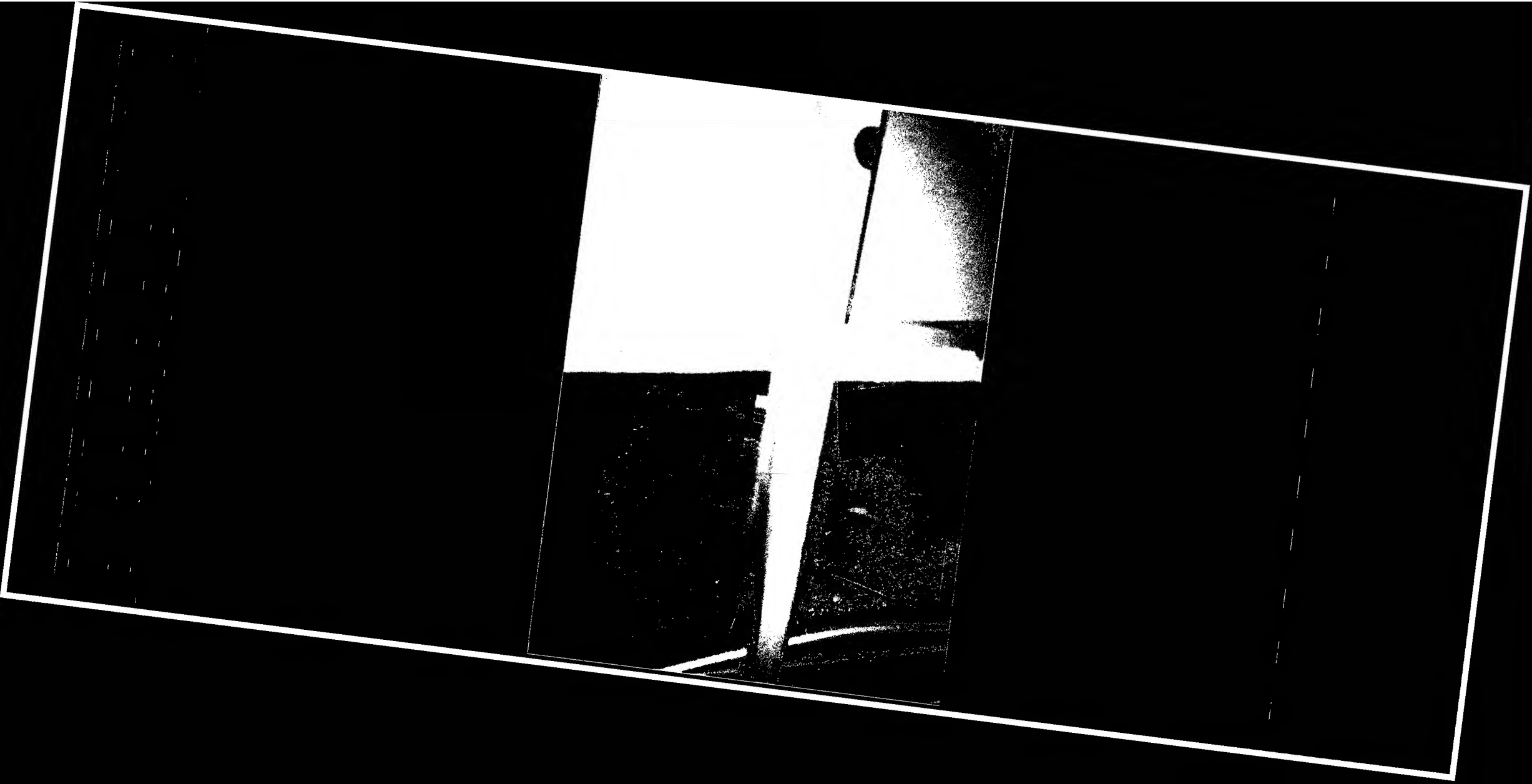


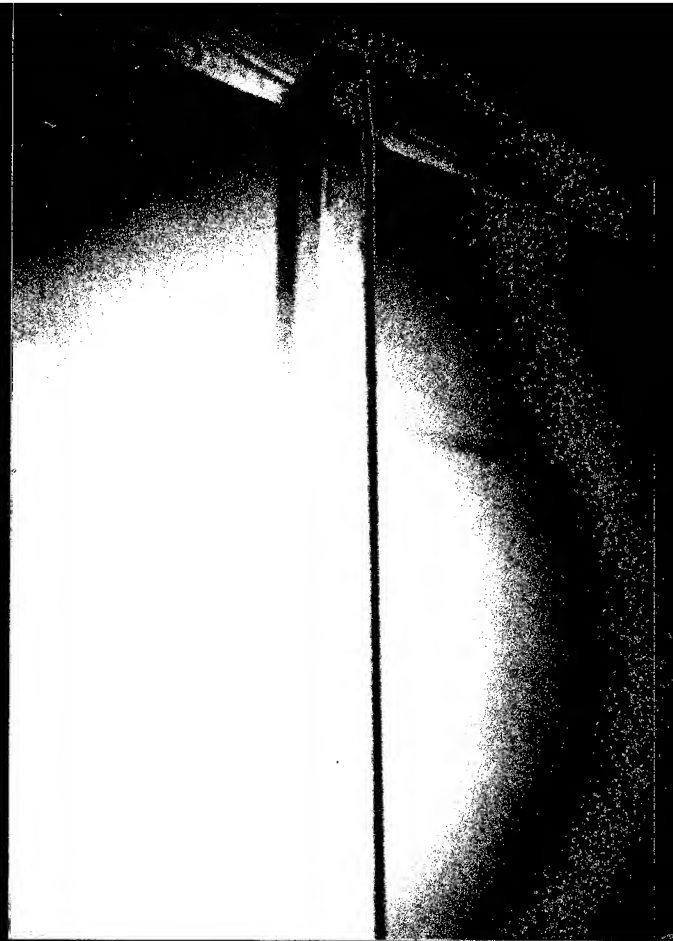


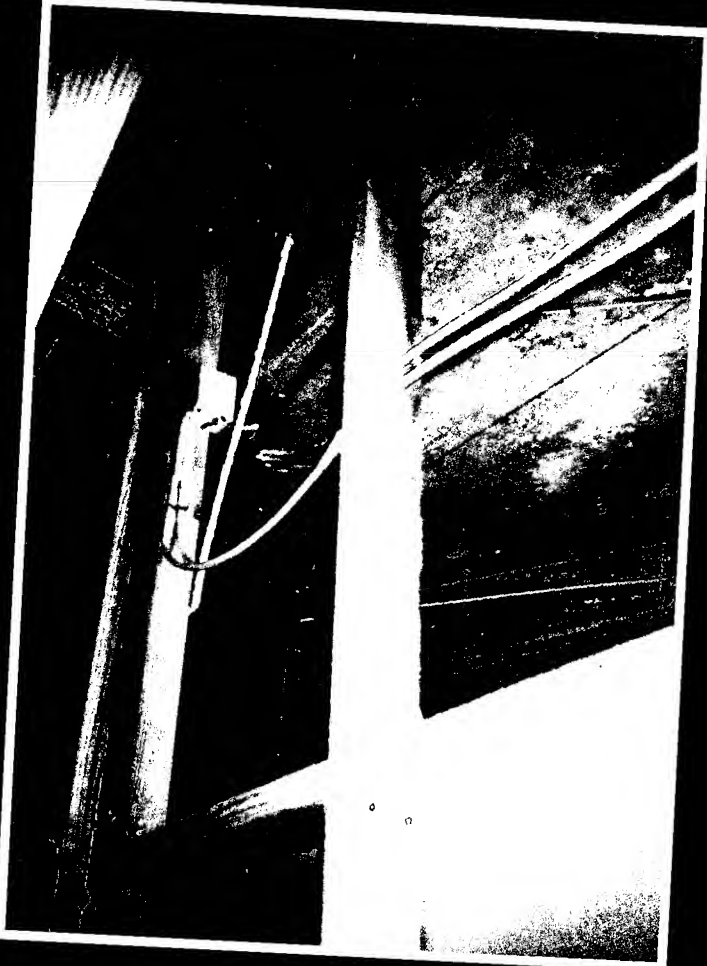


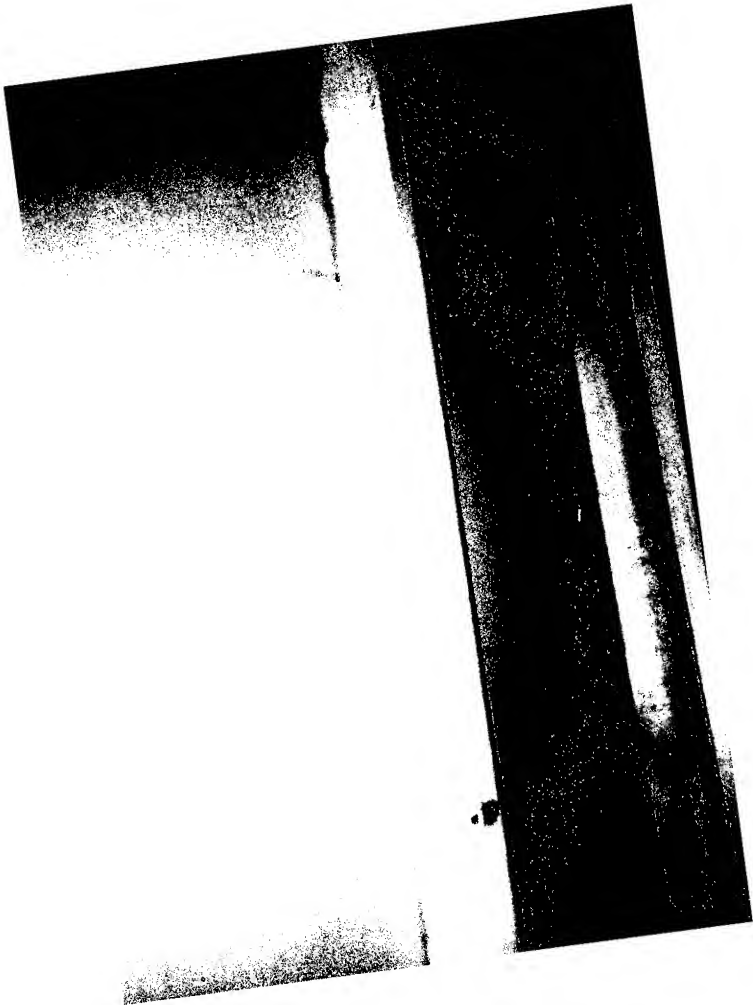














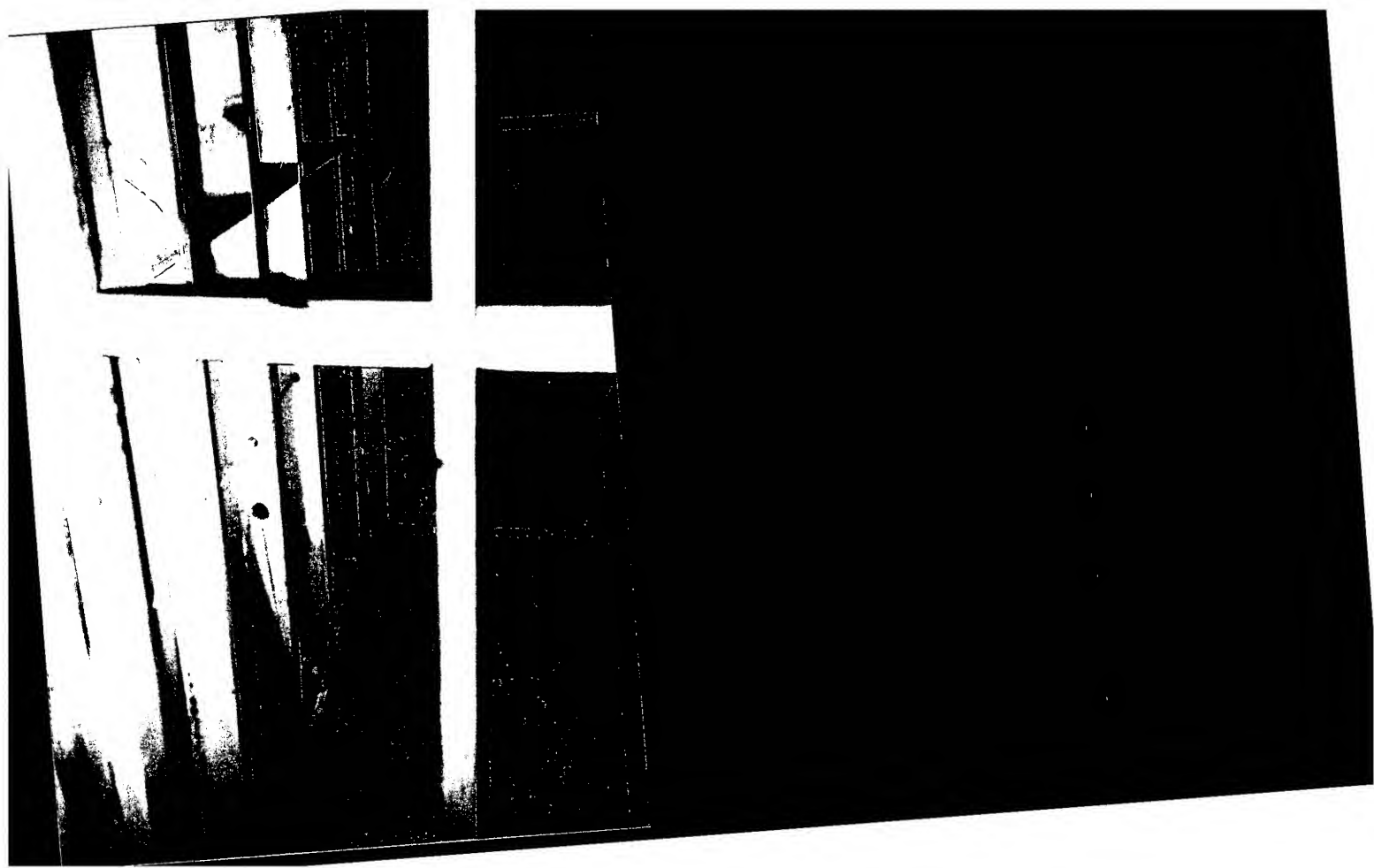




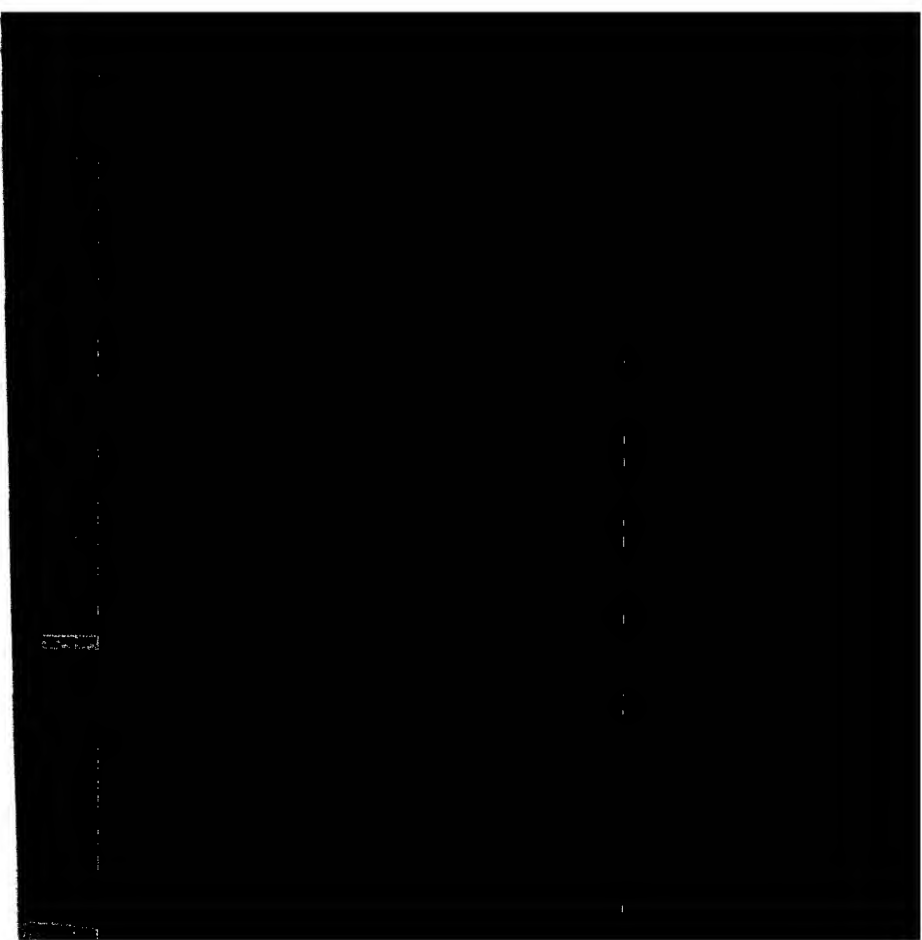


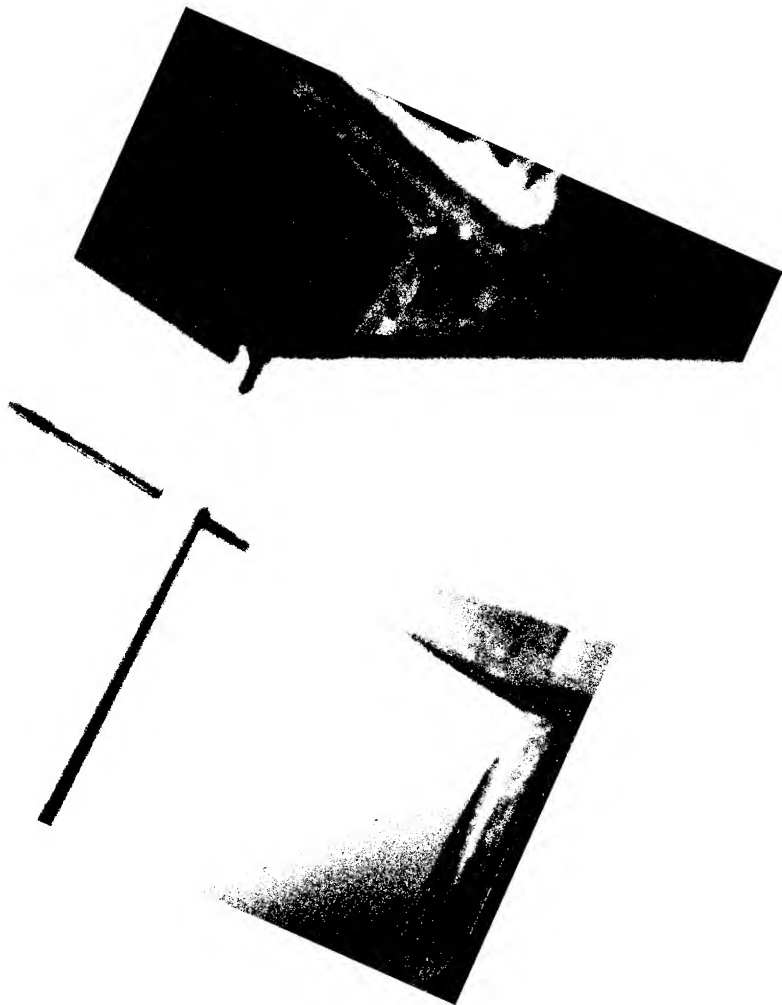




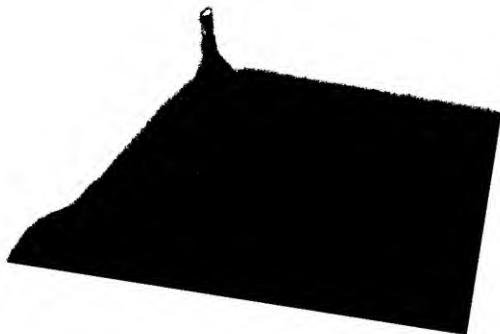
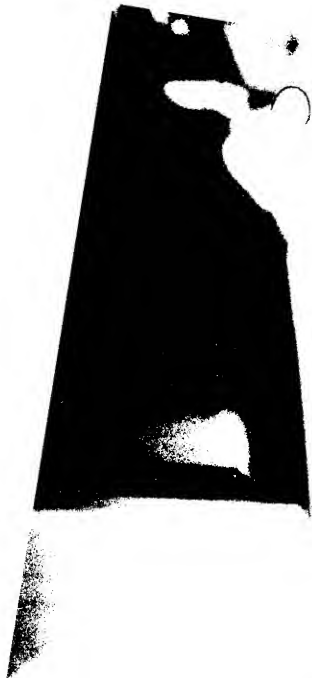


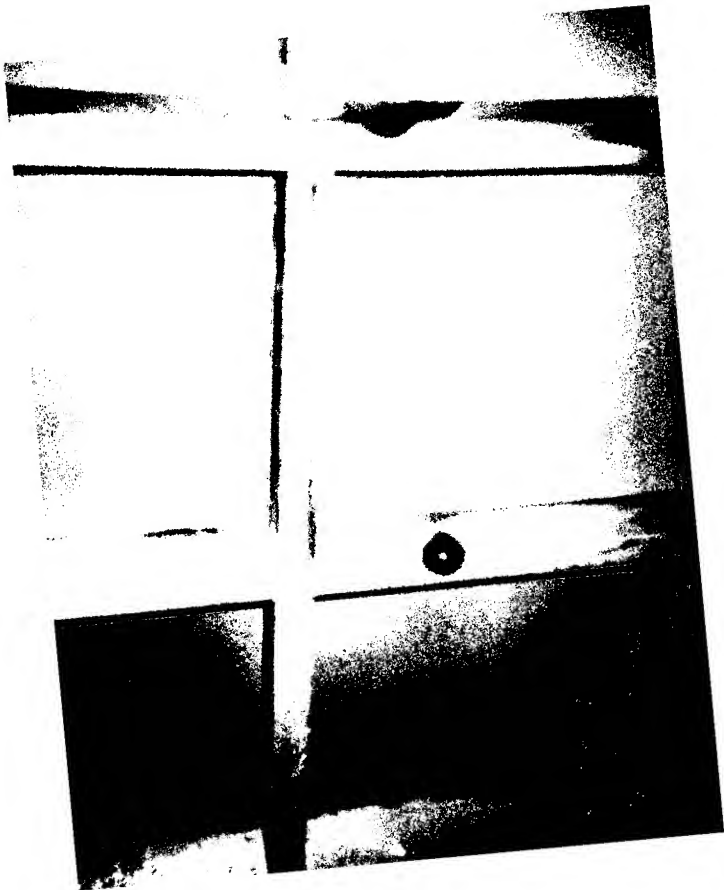
















Universal File Case Number 198B-AR-43505-1A²

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 12-6-91

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure

☐ Yes ☒ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☐ Original notes re interview of

photos taken by SA
taken on 11/19/91

b6
b7C

b6
b7C

THIS FORM MUST BE TYPED

To: ~~XXXXXXXXXX~~
~~XXXXXXXXXX~~ ~~Photographic Processing Unit, Rm. 1B900 TL1511~~
~~XXXXXXXXXX~~
 SAC, SAN FRANCISCO

AIRTEL

b6
b7C

[REDACTED], ALBUQUERQUE (198B-AQ-43505) (P) Cost Code: 3020:3545

Date: 11/19/91

Subject: UNSUB(s), dba
 A.C. Houston Lumber Company;
 THE NAVAJO NATION - VICTIM:
 CIR - FRAUD
 OO: ALBUQUERQUE

☒ Unclassified ☐ ~~Confidential~~ ☐ ~~Secret~~
b6
b7C

ENCLOSURES:

CONTACT FOR INFORMATION: SA [REDACTED]

	Size	Type	Quantity
Film	35mm	Color	2 rolls
Negatives			
Prints			
Other (specify)			

5232

5233

(color and black & white work will not be
 accepted on same request)

ETS
 XXX

COMMERCIAL: [REDACTED]



713

WORK REQUESTED:

☒ Develop and print 1 ea. 3½ x 5
 Other:

- (1) ROLL SCOTCH COLOR, ASA 200, 24 EXP.
 (PROVIDED BY CW. ON 11/19/91 - OF SOUTH HOME)
- (2) ROLL KODAK COLOR, ASA 400, 36 EXP.
 (TAKEN BY SA [REDACTED] ON 11/19/91)

b6
b7C

JUSTIFICATION: ON-GOING INVESTIGATION

- ④ - San Francisco
 2 - Albuquerque
 : (1 - 198B-AQ-43505)
 : (1 - 66F-1592)

[REDACTED]:pjd

(6)

PHOTO TECHNICIAN (Intl.) [REDACTED]

FBIHQ USE ONLY

Ack: SPS, LAB

Enclosures rec'd and ret'd with Prints/Slides to _____ Intl./date _____ / _____

SEARCHED	INDEXED
SERIALIZED	FILED
DEC - 2 1991	
FBI - SAN FRANCISCO	

b6
b7C

FBIHQ Enclosure

SEQ (FBIHQ ONLY) _____

PHOTOGRAPHIC WORK

Cost Code _____

NEGATIVES PRODUCED (In frames)					ROLL FILM PROCESSED (In rolls)					BULK FILM PROCESSED (In feet)							PRINTS PRODUCED (In final prints)							
		COLOR	B&W	Intl. Date			COLOR	B&W	TRANS	Intl. Date			COLOR	B&W	TRANS	MICRO	DUPE	Intl. Date			COLOR	Intl. Date	B&W	Intl. Date
101	35mm				201	110					301	16mm								401	Contact			
102	120 or 70mm				202	135 - 12					302	35mm								402	2 x 3 C			
103	4 x 5				203	135 - 20					303	70mm								403	Cred M			
104	8 x 10				204	135 - 24	1				304	105mm								404	Cred C			
105	Dupe				205	135 - 36	1													405	3 1/2 x 5 M			
106	Orig/Title				206	120														406	3 1/2 x 5 C			
107	Red				207	220														407	4 x 5 M			
108	Mugs				208	4 x 5														408	4 x 5 C			
109	Portrait				209	8 x 10														409	5 x 7 M			
110	Object																			410	5 x 7 C			
111	D.O. (FBIHQ only)																			411	8 x 10 M			
112	G&G																			412	8 x 10 C			
113	Executive (GS-16 & above)																			413	11 x 14 M			
114	Crime Scene																			414	11 x 14 C			
115	Surveillance																			415	16 x 20 C			
116	Aerial																			416	20 x 24 C			
117	Other (Specify)																			417	30 x 40 C			
118	Copy																			418	40 x 60 C			
119	Orig.																			419	DOC			
120	Slide																			420	Trans			
TOTAL																								

WORK REQUESTS

Priority	In-House	In	Out	Total
1				
2				
Total				

Year to Date

BPA		
	TIMES USED	AMT SPENT
BR		
Supplies		
Emerg. Color		

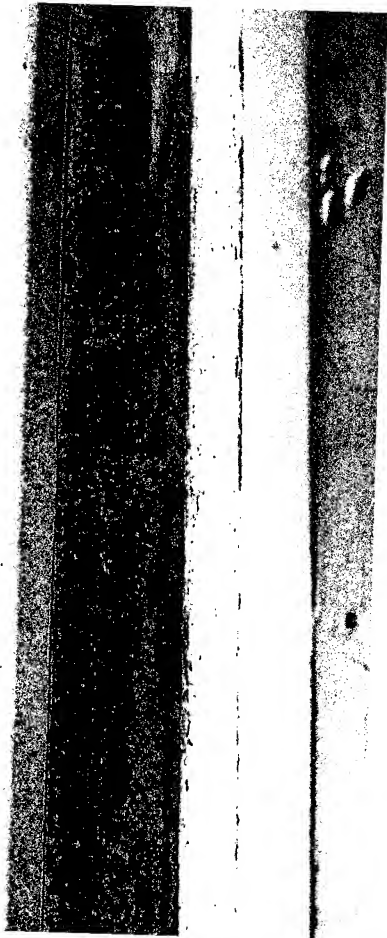
Silver Recovery	
Turn Ins	
Gallons	
Troy Ounces	

Training Provided		
	Prep Hrs.	Class Hrs.
FBI		
Other		

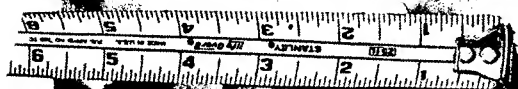
Video Work (Hrs.)	
Training	
Case work	
Other (Specify)	

5232-
5233

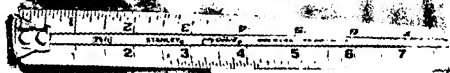




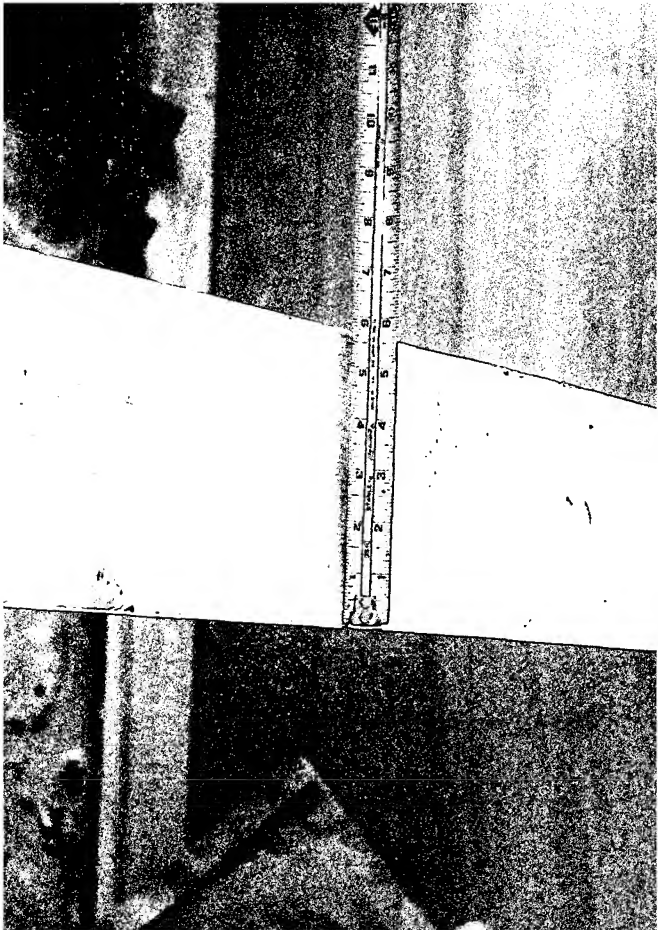


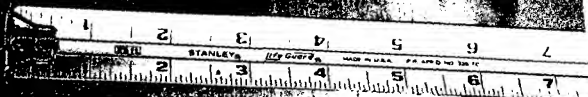


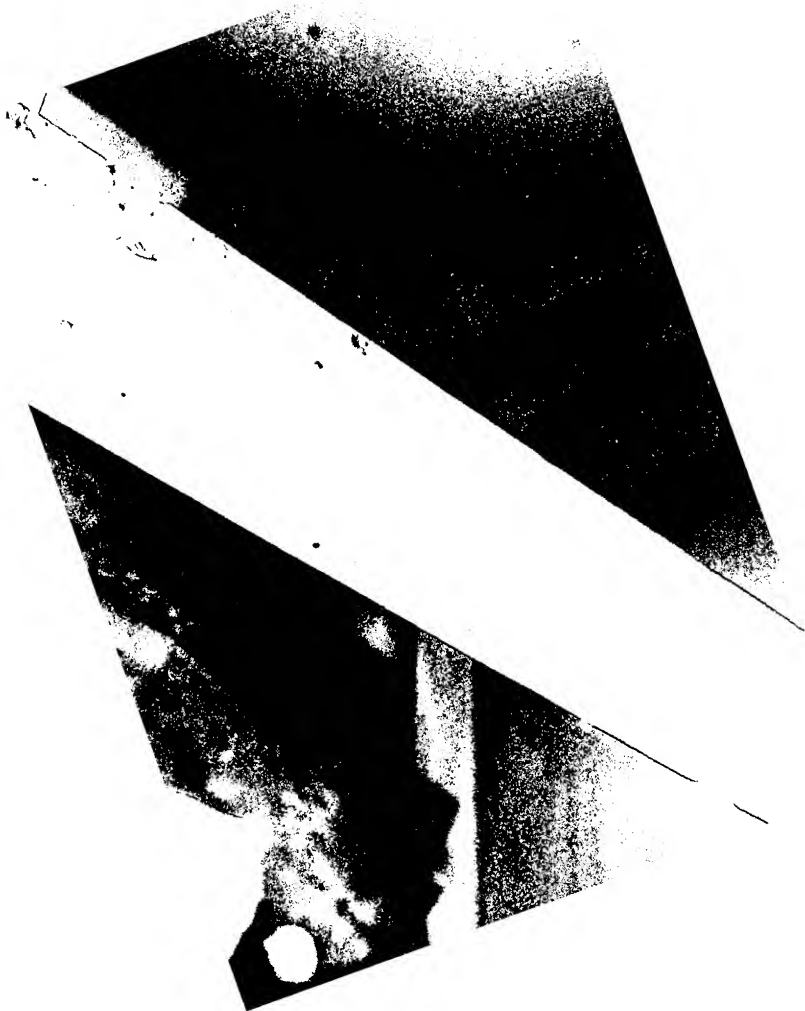






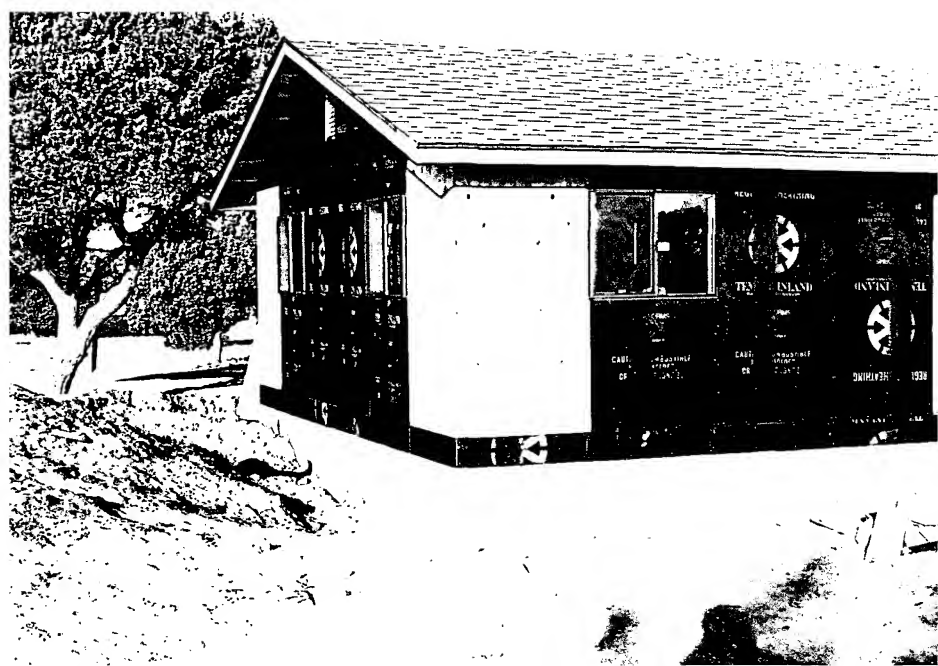












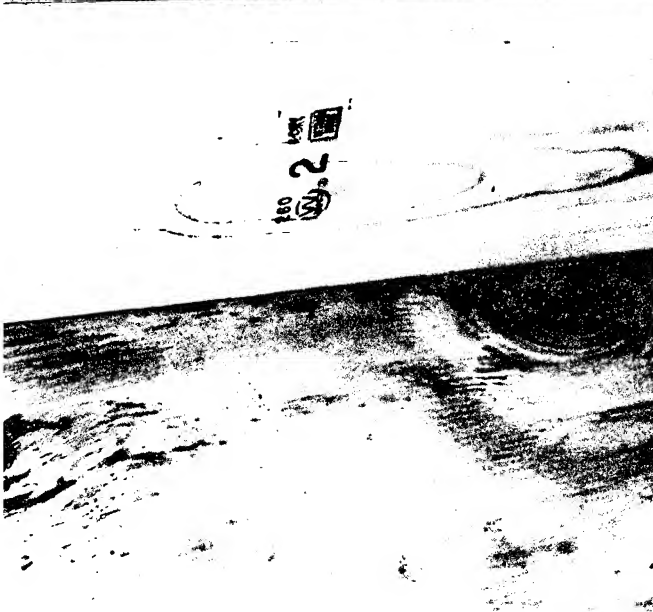
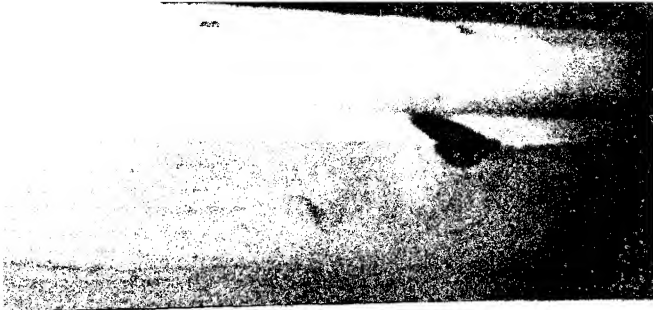


788

789

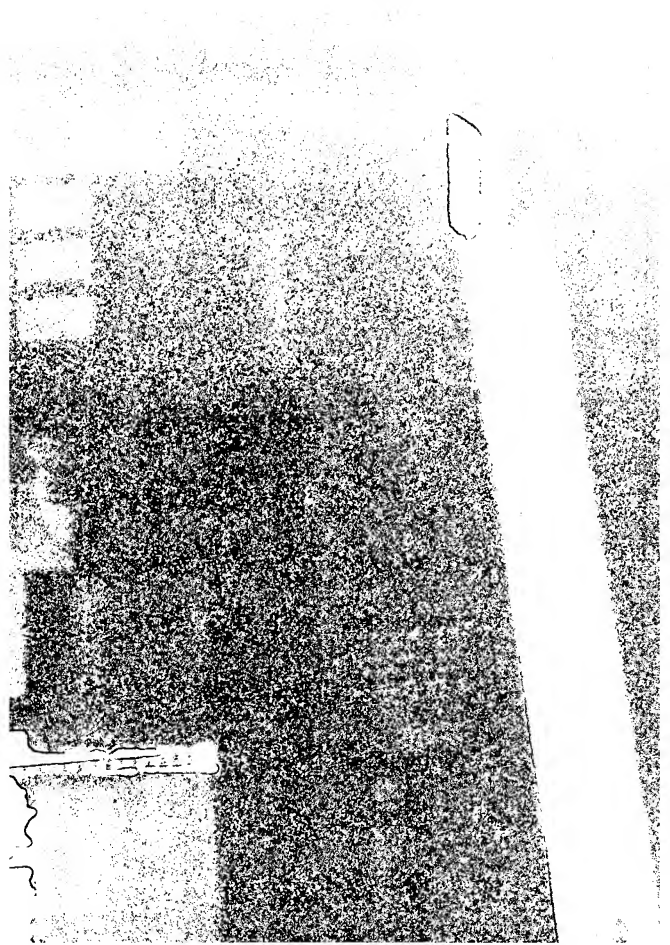
□







260
2
77



Universal File Case Number 198B-AQ-43505-1A3

Field Office Acquiring Evidence _____

Serial # of Originating Document _____

Date Received 5/8/92

From _____
(Name of Contributor)

(Address of Contributor)

(City and State)

By _____
(Name of Special Agent)

To Be Returned ☐ Yes ☒ No

Receipt Given ☐ Yes ☒ No

Grand Jury Material - Disseminate Only Pursuant to Rule 6 (e)

Federal Rules of Criminal Procedure

☐ Yes ☒ No

Title:

Reference: _____
(Communication Enclosing Material)

Description: ☒ Original notes re interview of

b6
b7C

b6
b7C

5/8/92

8:30 AM

b6
b7C

[redacted]

[redacted]

[redacted]

b6
b7C

NIM -

DOB -

[redacted]

how long position - Since
prior? - not affiliated

[redacted]

did know office exits

[redacted] employee
sets of people
to hang them
manipulates
info +
docs.

Is via

may

[redacted]

"can be"

open can w -

[redacted]

w/ spec pros

[redacted]

Reasons →

[redacted]

Choussan

Choussan → gave [redacted] 5000 of credit

↳ want give in writing

she I
care lot of stuff/files grow

↳ never seen

trying to get them back

many employees - using bogus names
front boss

was on the take
given house to [redacted]

contracts to [redacted]

b6
b7C

she began writing letters/complaints everywhere

person stayed out of it, [redacted]

[redacted] to special pros office
No specifics

most involves only tribal money
"self help" of materials/packages

[redacted] - Recs I talk to here
was close to [redacted]

b6
b7C

reasons

① Assisting [redacted] ^{material} for [redacted]
[redacted] - a Navajo

13,000-14 worth of materials

Ethics

② Gave 7-8 contracts to [redacted] →
[redacted] no bidding process involved as a contractor
[redacted] not certified by Nav tribe at
that time - paper work done later

③ ~~62~~ vehicle used for personal
- McKin S.O. reported [redacted]

b6
b7C

④ found a lot of computer equipment
to [redacted]

All his projects - failed inspection -
real poor workmanship -
Does not know what he's doing
4-5 inspectors have looked

(I) [] for tube for over []
knowing tribal system

b6
b7c

ooo contractor
① Only Complaintant

[] was over []
here for []
Why are specs shoddy

I believe low standards were
set so (intern) people could
screw the system.

200 more units out to bid
this + next wk.

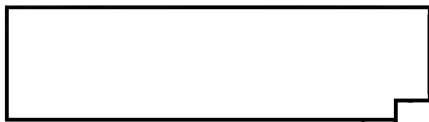
Will upgrade materials
testing + spec requirements

[] inspected sites
most materials o.k. Some
wrong parts - worst area
Torneo area

b6
b7c

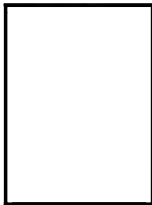
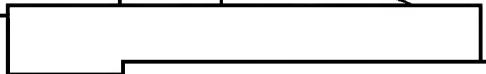
bad materials, weathered
warped
mis matched plumbing parts
unknown who delivered
poss → AC Houston
OR
Farmington

only
2 homes



b6
b7C

AC Houston



Believes last yr major problem.
no materials

inspectors signing recing reports
without checking materials

This year - if I catch you out.
gotten rid of most prob people/inspectors

shifting people - so vendors
can't get too close to
people

truck drivers
sign truck 5pm
here's \$20
leave I'll unload

I say NO → must have 2 people
there to watch.

b6
b7c

All goes back to group

Recent fiscal council mandates
to clean up the system

This office only have 13-14 yrs

In past only a political giveaway
program

De centralized the budget
pkgs - more people involved.

restructured the office + org
to involve more people

BIA / fed ^{tribal} present new way
638 - self determination

② Sure it is, unk. > has been happening
extent

tribal pricing - open / competitive
"restrictive bidding process" - only vendors certified by
the tribe, wanted to territorialize →

b6
b7C

at vendors for each area - "can't do"

AC Hous. used to get

90% of Tribal contractors

now 25%
(5 vendors)

strict Scheduling controls, if you
bid, must deliver w/in 2 days

"Navajo Preference Law"

Yellowhorse -

Sunshine Builders -

was decertified, business regulatory dept.

Tribal politicians ordered to recert
many jobs

- removed director
put new one in
who did certification



cancellation to sons. chg bookkeeping
invoices to this office
previous since authorized
payment to AC Hous

[redacted]

b6
b7C

A.C. How

came in & wrote their own ticket

employee espionage

tribe allows for fronts, not
illegal.

[redacted] & [redacted] come in
for bids

b6
b7C

[redacted] does an negotiations

Nau pro → GW Nau land
sup Nau person to do
acting & write CLKs

Says Nau - Nau prof been law.

no prior doc-
no center files empty
coldly write sentences

now - doc everything
prior doc - houses to all
bedmates
particulars

prior ghost clients
name only
no maps
identifying #s

KEEP ATTACHED TO EXHIBIT

NO PPB-AQ-43505-1A3

From: Director, FBI
Attn: Photographic Processing Rm. 1B903 TL-151

AIRTEL

To: SAC, SAN FRANCISCO

SAC, ALBUQUERQUE (198B-AQ-43505) (P)

Cost Code: 3020:3545

Date: 11/19/91

Subject: UNSUB(s), aka
A.C. Houston Lumber Company;
THE NAVAJO NATION - VICTIM;
CIR - FRAUD
OO: ALBUQUERQUE

☒ Unclassified ☐ Confidential ☐ Secret

b6
b7C

ENCLOSURES:

CONTACT FOR INFORMATION: SA []

	Size	Type	Quantity
Film	35mm	Color	2 rolls
Negatives			
Prints			
Other (specify)			

(color and black & white work will not be accepted on same request)

ETS
XX

COMMERCIAL: []

WORK REQUESTED:

☒ Develop and print 1 ea. 3 1/2 x 5
Other:

(1) ROLL SCOTCH COLOR, ASA 200, 24 EXP.
(PROVIDED BY CW ON 11/19/91 - OF SOUTH HOME)

(2) ROLL KODAK COLOR, ASA 400, 36 EXP.
(TAKEN BY SA [] ON 11/19/91)

INDEX



INITIALS

b6
b7C

JUSTIFICATION:

ON-GOING INVESTIGATION

- 1 - San Francisco
- 2 - Albuquerque
- (1 - 198B-AQ-43505)
- (1 - 66F-1592)

[] P3
(6) PHOTO [] IAN (Int.)

SPECIAL INSTRUCTIONS

- ☐ Mail Room: Show shipment date and registry number.
- ☐ Shipping Room: Show shipment date; bill of lading number, initial invoice; invoice to be placed in administrative file.

Enclosure MAIL ROOM ☐

198B-AQ-43505-2

SEARCHED
SERIALIZED
INDEXED
FILED

b6
b7C

In Reply, Please Refer to

File No. 198B-AQ-43505

FBI CASE STATUS FORM

Date: 11/21/91To: USA Don J. Svet, 625 Silver SW, 4th Floor, AQ, NM 87102

(Name and Address of USA)

From: SAC Bernardo M. Perez, AQ

(Name of Official in Charge and Field Division)

(Signature of Official in Charge)

RE: Unsub(s), dba The A.C. Houston Lumber Co., Gallup, NM

(Name of Subject)

Age

Sex

You are hereby advised of action authorized by AUSA [redacted]

(Name of USA or AUSA)

on information submitted by Special Agent

SA [redacted]

(Name)

11/15/91

(Date)

(Check One)

- ☐ Request further investigation
- ☐ Immediate declination
- ☐ Filing of complaint
- ☐ Presentation to Federal Grand Jury
- ☐ Filing of information

☒ Other Concurrence with the use of a Confidential Witness in

this investigation

For violation of Title 18, USC, Section(s) 1001 (False Statements to a Government

Agency; Fraud)

Synopsis of case:

On 10/24/91, a Confidential Witness, [redacted]the Navajo Tribe [redacted][redacted] advised SA [redacted] that he believed that the Navajo Tribe and, as a

1 - Addressee

3 - Albuquerque (2) - 198B-AQ-43505)

(1 - [redacted]
to [redacted])

198B-AQ-43505-3

SEARCHED

INDEXED

SERIALIZED

FILED

NOV 21 1991

FBI - ALBUQUERQUE

[Signature]

b6
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b7C
b7Db6
b7C
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result, the U.S. Government is being defrauded by the "A.C. Houston Lumber Company" of Gallup, New Mexico. The A.C. Houston Lumber Company has been selling lumber to the Navajo Tribe, to be used in the construction of homes, which has been re-cut and re-marked in such a manner as to conceal the fact that the lumber is being sold as a higher grade and at a higher price than it should be.

In addition, the Confidential Witness believes that this lumber is being deliberately marked above the legitimate selling price so that a "front business", dba Sunshine Builders in Chinle, Arizona, receives a substantial kickback for submitting the paperwork provided by A.C. Houston to the Navajo Nation Governmental Offices for reimbursement and, by so doing, is fraudulently claiming that the lumber was actually sold by Sunshine Builders.

The Confidential Witness is in [redacted]

[redacted] and [redacted]

b7D

[redacted] The Confidential Witness has agreed to become a Confidential, Cooperative Witness for the FBI and to wear a concealed body recorder and to make consensually recorded telephone calls in this investigation if the same become necessary. The Confidential Witness has been advised and is willing to testify in court should the information that he/she provides result in a prosecutable case.

After conferring with Don J. Svet, United States Attorney, Albuquerque, New Mexico, AUSA [redacted] advised that the U.S. Attorney's Office, Albuquerque, New Mexico, concurred with the use of this Confidential Witness in this investigation.

b6
b7C

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/27/91

A Federal Bureau of Investigation (FBI) Confidential
Witness provided the following information:

THE INFORMATION IN THIS REPORT IS
SINGULAR IN NATURE AND WILL TEND TO
IDENTIFY THE SOURCE IF DISSEMINATED
BEYOND THE FBI.

[REDACTED]

b6
b7C
b7D

[REDACTED]

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Investigation on 11/19/91 at Gallup, New Mexico File # 198B-AQ-43505 - 4

by SA [REDACTED] cmg Date dictated 11/19/91

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198B-AQ-43505

Continuation of FD-302 of COOPERATIVE WITNESS, On 11/19/91, Page 2

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([Redacted] SA [Redacted]) .

[Redacted]

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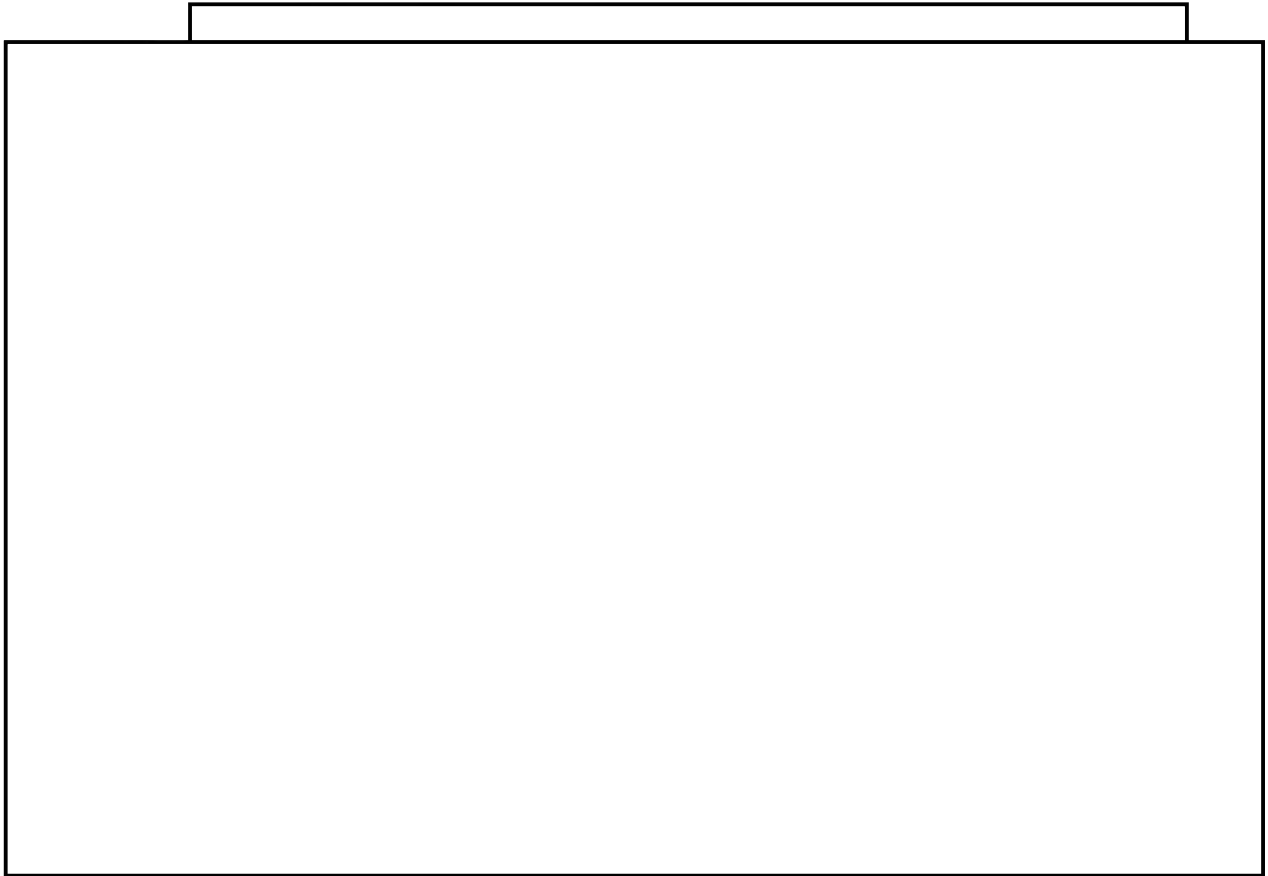
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Continuation of FD-302 of COOPERATIVE WITNESS, On 11/19/91, Page 3

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Continuation of FD-302 of COOPERATIVE WITNESS, On 11/19/91, Page 4



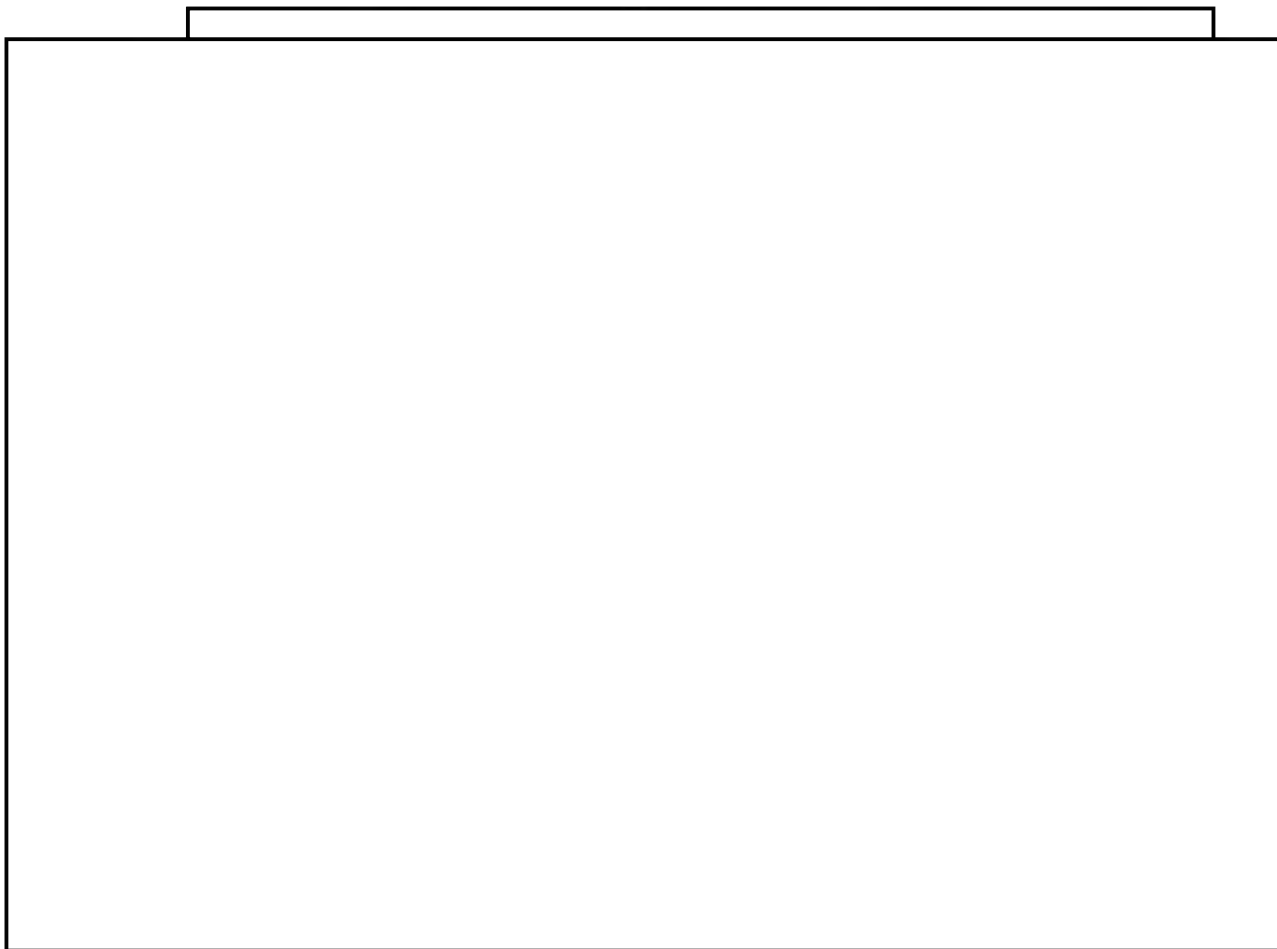
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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 11/7/91

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Investigation on 11/24/91 at Gallup, New Mexico File # 198B-AQ-43505-4

by SA [redacted] /fdg Date dictated 10/24/91

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Continuation of FD-302 of Confidential Witness, On 11/7/91, Page 2

[Redacted Content]

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Continuation of FD-302 of Confidential Witness, On 11/7/91, Page 5

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 12/20/91

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Investigation on 12/10/91 at Gallup, New Mexico File # 198B-AQ-43505

by SA [redacted]/cmg Date dictated 12/11/91

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[REDACTED]

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[REDACTED]

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[REDACTED]

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Attached to this original FD-302, to be made a part of
this file, [REDACTED]

[REDACTED]
[REDACTED] As these
documents [REDACTED] they will be attached only to the
original FD-302.

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 2/05/92

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Investigation on 2/03/92 at Gallup, New Mexico File # 198B-AQ-43505

by SA [redacted] cmg Date dictated 2/03/92

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Continuation of FD-302 of CONFIDENTIAL SOURCE, On 2/03/92, Page 2

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Continuation of FD-302 of CONFIDENTIAL SOURCE, On 2/03/92, Page 3

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- 1 -

The following investigation was conducted by Special Agent (SA) [redacted]:

AT GALLUP, NEW MEXICO

On January 21, 1992, an attempt was made to contact [redacted]

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[redacted] place of employment, telephone number [redacted] in reference to arranging a date and time for an interview with SA [redacted]. The female who answered the telephone in this office advised that [redacted] was on leave for an indefinite period of time, and gave the impression that [redacted] would not be back to work in that office.

198B-AQ-43505-10

- 1 -

The following investigation was conducted by Special Agent (SA) [redacted] on March 2, 1992:

AT GALLUP, NEW MEXICO

On May 2, 1991, [redacted] date of birth [redacted] [redacted] Social Security Account Number [redacted] was interviewed by [redacted] employed by [redacted] [redacted] the Navajo Nation, and [redacted] with the Special Investigations Unit of the Navajo Nation Department of Justice.

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This interview is being included in this file as it makes reference to [redacted]

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[redacted] to sign off on some invoices at the A.C. Houston Lumber Company, which [redacted] did. [redacted] signature, [redacted] appears in the "Received By" section of the invoices from Sunshine Builders of Chinle, Arizona. These invoices are related to Navajo Nation purchase orders, numbered 35622, 35627, and 35629.

During this interview, [redacted] indicates that he signed similar invoices on three to five different occasions while at the A.C. Houston Lumber Company and for which he did not receive any building materials. This interview indicates that although the Navajo Tribe is conducting business with Sunshine Builders of Chinle, Arizona on paper, by signing for materials received on Sunshine Builders invoices, the building materials, if actually supplied, are being provided by the A.C. Houston Lumber Company of Gallup, New Mexico.

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198B-AQ-43505-11

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/09/92

Attached hereto and made a part hereof are 13 pages consisting of an interview memorandum detailing an interview conducted with [redacted] date of birth [redacted] Social Security Account Number [redacted], by [redacted] employed by [redacted] the Navajo Nation, and [redacted] with the Special Investigations Unit of the Navajo Nation Department of Justice. This interview was conducted on May 2, 1991.

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These materials were personally delivered to the Gallup Resident Agency of the Federal Bureau of Investigation (FBI) by Special Agent (SA) [redacted] Salt Lake City Division, on February 26, 1992.

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Investigation on 3/02/92 at Gallup, New Mexico File # 196B-AQ-43505-12
by SA [redacted] cmg Date dictated 3/02/92

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MEMO

To: Case File 2740.4093

From: [REDACTED]

Date: May 8, 1991

Re: NHSD; [REDACTED]

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Attached is a micro-cassette recording and a transcript of an interview conducted on 05/02/91 on:

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[REDACTED] told us that he the signature [REDACTED] in the received by section of Sunshine Builders invoices pursuant to NN Purchase Orders [REDACTED] [REDACTED] was his signature. He was uncertain when he signed for the materials but recalled that on two or more occasions he was told by [REDACTED] at A.C. Houston Lumber Co. that [REDACTED] had telephoned and he wanted [REDACTED] to sign off on some invoices which [REDACTED] did. [REDACTED] also said that on two or more occasions he had signed off as receiving materials on invoices at the NHSD offices in Window Rock after being instructed to do so by [REDACTED]

TRANSCRIPT OF [REDACTED] INTERVIEW
5-2-91

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[REDACTED]
[REDACTED]
[REDACTED]

Today's date is the 2nd of May, 1991, the time is uh, 14:45 hours. My name is [REDACTED] I'm [REDACTED] in the employ of the Special Prosecutor for the Navajo Nation. I'm presently at the office of the Special Prosecutor in Window Rock, Arizona. Uh, also present with me is [REDACTED] [REDACTED] with the Special Investigations Unit of the Department of Justice. Today, [REDACTED] and I will be uh, uh, speaking with an individual named [REDACTED]. Uh, is that your full name [REDACTED]?

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Yes.

Ok, if you could speak up please, it would be helpful. And what is your date of birth?

[REDACTED].

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And your Social Security number?

[REDACTED].

Ok. And your current home address?

[REDACTED]

Ok. And do you have a home telephone number you can be reached at?

Yes.

What is that number, sir?

[REDACTED]

Ok. That's area code [REDACTED]?

Yes. [REDACTED].

Ok. And where are you employed [REDACTED]?

[REDACTED].

Ok. [redacted] uh, Department for the uh, which is part of the uh, [redacted] is that correct?

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Yes.

Ok. And how long have you worked at [redacted]?

... [redacted].

About [redacted] ok. And what are your duties there? What work do you do?

Right now, I'm, I'm [redacted] right now.

Ok. All right. Were you working uh, at [redacted] [redacted] was the [redacted] of that Department?

Yes.

Ok. Well we want to start out talking to you today, there are going to be some documents uh, that you and I have looked at before we went on the record here today, uh, we'll start out with uh, these are going to be uh, invoices from Sunshine Builders of Chinle, Arizona, be three of them we're going to look at today. The first one will be uh, an invoice pursuant to uh, the Navajo Nation's Purchase Order No. 35627. Is that correct, what that says up here?

... yes.

Ok. And uh, I see it uh, this would also be, I guess, Sunshine Builders, this would be their invoice number 1-062926. Correct?

... Well, I don't know anything about how they write their invoices.

Ok. But it says invoice number on this form and then underneath it says "1-062926", correct?

Yes.

Ok. Uh, this is a uh, invoice, uh, consisting of uh, approximately 10-12 pages, correct?

Yes.

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It's like 11 pages. On each one of these pages here, pursuant to this purchase order number, on the bottom, it says that uh, "received the above in good condition" and then it's signed [redacted] [redacted] on each one of these pages, you see your name, signature there?

Yes.

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b7c

Ok. Is that indeed your signature?

... Yes.

Ok. Do you recall the circumstances when you signed, uh, having received these uh, materials?

... Excuse me, but what do you mean by circumstances?

Ok. Do you remember uh, where you were when you signed as being the receiving party on these construction materials on these pages of invoices here?

Ok. I signed a couple of them in Gallup at A.C. but on that, uh, I don't quite remember the client's name on that.

Ok. When you say you signed them in Gallup, at A.C., you're referring to A.C. Houston Lumber Company?

A.C. Houston Lumber Company, yes.

Ok. And as we talked earlier, you mentioned that there was a reason why you signed some of these forms at A.C. Houston Lumber Company. Could you, uh, could you tell us what that reason was?

Reason was, uh, on my way to A.C. for, to get some saw blades sharpened that I left over there, to come up and to buy a couple of uh, tools for my own self, from my own money, and uh, [redacted] b6
uh, called [redacted] and [redacted] was tell me, you got a call from [redacted] b7c
[redacted] and sign the uh, invoices.

Ok. When you say [redacted] called [redacted] you mean [redacted]
called, who was [redacted] called [redacted] who was working
there at Sunshine Builders and A.C. Houston?

Yes.

Ok. And for the record, these are Sunshine Builders' forms, but whenever you dealt with Sunshine Builders, did you pick up the materials at Sunshine Builders in Chinle, Arizona, or did you pick them up at A.C. Houston Lumber Company in Gallup, New Mexico?

... um, uh ... picking up all those materials right there?

Well, I guess what I'm asking is, uh, when the Tribe did business and when you in your duties did business with Sunshine Builders, ok?

Uh huh.

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Were the materials usually delivered to the Tribe or to the recipients of the, of the materials, uh, from Sunshine Builders in Chinle or from A.C. Houston in Gallup?

A.C. Houston in Gallup?

Ok. And why was that?

I guess the Tribe was dealing with A.C.

Ok. All right. So you were saying that uh, you were at A.C. Houston one day and that [] said that [] had called him and had wanted you to sign off on these forms?

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Yes. While I was there.

Ok. And at this point in time, uh, the forms you signed while you were there, are you sure if these are the three forms that we're looking at here today or it might have been some other ones?

... It might have been, it might have been these but uh, the client's name that was the name that you see.

Ok. When you signed the forms, when you were told to by [] [] did you first check with [] by telephone to see if he wanted you to sign any forms?

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No, I didn't.

Ok. So you took [] word for it that you were supposed to do that?

Yeah, because he said that he got a call from [].

Ok. All right. When you signed those forms that you recall signing, would that have been some time during 1990, or do you remember roughly what month it was, what part of the year it was, anything like that? When you signed those forms at A.C. Houston?

... Uh, last year I signed a couple of them, but the month, I'm not too positive about that, the month, which month it might be.

Was it summer time? Fall, spring, winter?

(mumbles, talking to self) ... close to summer.

Close to summer? Ok. Uh, when you signed those, do you recall if the uh, the portion up here on the form where it says "Sold To" and then it has uh, looks like it says "Navajo Tribe NHS

Tribal" and then the name of the recipient and where the supplies were to be delivered to, right? Do you recall if any of the ones you signed had that portion filled in or was that empty?

... It was uh, it was empty and like that, like that.

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b7C

Ok. It was empty, in other words?

Uh huh.

Had somebody crossed out the names that were initially put here perhaps, the recipients of these materials?

Yeah, something like that, ____.

Ok. That's what you recalled seeing when you signed 'em?

Some of them but uh, not, not all of them I didn't ...

Ok.

... really study the invoices.

Ok. All right. Were there also times when uh, [redacted] at his office here in Window Rock asked you to go into his office and sign off on some of these similar-type forms where the names were not shown as who the recipients were?

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b7C

... Yes.

Ok. And on those occasions, how many, how many times did that happen? Roughly?

... About twice.

It happened twice when he called you into his office here in Window Rock and you, asked you to sign off on them? Did you ask him why he wanted you to sign off on it when you had nothing to do with those particular, uh, supplies being delivered?

It was, I just figured that uh, he would call A.C. and then A.C. would haul the uh, materials to the job site and I would get the invoices back from them, that's, to inventory the stuff that, that was on that, on that ...

Ok. Did you ever, on those ones that you signed, were you ever asked to inventory the materials at a later date?

... Um, just a few but all those, the contractors are working on it now, but it was signed by [redacted].

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Ok. Did you ever sign some where you never, never, never afterwards did any inventory work on those particular contracts? b6 b7C

... No.

So all the ones you signed in [] office, are you certain that they ended up being delivered to a, to a, to a site and then that you inventoried them at a later date?

...

Or were there times when you just signed off on 'em and forgot about 'em simply because he was your boss and he told you to do that?

... I don't know, got lost right there.

Ok. I'm sorry (laughs). When [] would ask you to sign off on these forms ... b6 b7C

Uh huh.

... that you knew or that you had no knowledge of whether or not they'd been delivered, ok?

Uh huh.

In his office, you said there were about two times when he asked you to do that. After you signed those forms, did you at a later date inventory those items from those particular forms at a job site?

With my signature on them?

Yeah.

No.

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Ok. All right. And so there were two times that you were called into [] office and asked to sign by him? Correct? Ok. How many times were there when you were asked by [] to sign off on some of these same type of forms at A.C. Houston Lumber?

... About three times.

About three times? Maybe a little more, maybe?

3 to 5, somewhere around there.

3 to 5. Ok. All right.

I'm not sure.

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And each time you signed off on these forms, there were approximately 10-12 pages of each one? Of materials uh, construction materials, or building materials?

Uh, yeah, maybe to uh, to 11.

Ok. 11 pages, perhaps? All right. Ok. Let's look at this next one here, would be uh, again it's going to be a Sunshine Builders, uh, uh, invoice, it would be the Sunshine Builders' invoice No. 1-062036, correct?

Right.

And then it would be the Navajo Tribe's Purchase Order No. 35629? Is that also correct?

Correct.

Ok. At the bottom here, and again it has, it looks like approximately 11, 10-12 pages of uh, descriptions of materials, uh, building materials and at the bottom it has there. Do you see that there?

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Uh huh.

Is that your signature?

Yes.

Ok. On each one of these pages? And we've been through and looked at these, correct?

Correct.

And you've identified each one of these pages as having your signature?

Yes.

Ok. Let's go this uh, third one here, this would be Sunshine Builders' invoice No. 1-063048, correct?

Correct.

And it would be the Navajo Tribe Purchase Order No. 35622, correct?

Right.

Ok. And again it has uh, pages of uh, building materials and it says [redacted] as the recipient of the above, is that correct? b6 b7c

Right.

Is that your signature?

Yes.

Ok. And on each one of these following pages, that is your signature? Ok. And you're telling us here today that you signed for these materials but you're not sure where you were when you signed for them?

That's correct.

Ok. All right. Now, looking at this last one, let's look at this name of the recipient, the recipient should be a [redacted] [redacted] is that correct? b6 b7c

Right.

Ok. Have you ever delivered building materials to a [redacted]
[redacted]

From Sunshine? No.

Ok. And let's go back to the one before that, which would be Invoice No. 1-062036 again, where the recipient says it would be [redacted] Have you ever delivered construction materials from Sunshine Builders to a [redacted]? b6 b7c

No.

Ok. Have you ever been to the home of [redacted] and inventoried any items?

I don't know any [redacted].

Ok. And you have never inventoried any items at the home of a [redacted]

No.

Ok. Let's go back to the first one here, this would be Sunshine Builders' invoice No. 1-062926, correct?

Right.

Ok. And P.O. No. 35627, correct?

Correct.

Ok. It says the recipient of these materials should be a [redacted] b6
[redacted]. Have you ever delivered building materials to b7C
a [redacted]?

No.

Have you ever been to a building site of a [redacted],
and uh, checked off any of these materials here?

No.

Ok. I'm looking at this one here in particular, I notice this
does have check marks on it, on the description of the materials,
these your check marks here?

Nope.

No? You don't know whose check marks those are?

No.

Ok ... You have anything you want to ask here, [redacted]? Ok.

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b7C

Oh, yeah, one thing. Back, back to the time you said you were
signing off on those invoices, at the starting of this taped
interview, you mentioned that you did it a couple times, uh, what
do you mean by that, does, you done that on a couple different
occasions?

... including the, uh, the other 5, the other uh, this one
and the other two _____. Might have been, 3, 5, I'm not sure or
___.

But you did them on different days?

... _____ what do you mean by different days?

Say you went in on a Tuesday and did this, then he asked you, you
did the same thing again on Thursday, is that, is that what you
did? You did it more times than once?

...

Do you understand the question there? Did you do it more than,
were you called in to [redacted] office on more than one time to
sign invoices?

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b7C

[redacted] office? No, uh, just only in uh, in Gallup.

How about [redacted] office, did you do it more than one time?

Yes, I mean three of them.

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b7C

Yes, the 3-5, perhaps in [] at [] at A.C. Houston, correct?

Yes.

And then you went in to [] office, probably two times to sign invoices that he asked you to do?

That would be 7 so ...

How many, how many invoices did you sign each time you went into [] office, when he wanted you to sign invoices?

Just about twice, so ...

I mean, on each time you went in, he wanted you to sign two sets of invoices? Each one of 11 pages, roughly?

Yeah, _____ 11, then this one.

Ok. So you went two times and each time you signed off on two separate invoices?

(Inaudible) yes

Could it have been more?

... No, not right then, I don't think so.

Ok. Do you have any knowledge or has anyone told you anything about where these materials went on these three invoices?

... The only one that's asked me is, uh, []

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[]?

Uh huh.

Ok.

So, I told him uh, I never been out to Shonto, Red Rock and uh, Red Valley.

Ok. Have you heard from anyone else at Housing Services where these materials on these three invoices might have gone?

Has anybody asked me?

Or has anybody told you where these materials went?

Oh, no.

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b7C

Uh huh. Did [] ever tell you where these materials were going to go?

No, [] told me where they was going.

Uh huh.

And who's, who's []?

A new guy, I think.

Do you know what his title is?

No, I haven't, I haven't really known, known him yet.

And he's working at Housing Services, right? Is that what you're saying?

Yes.

Ok. And you met with them on some of these things prior to your meeting with us? ... Is that yes?

Yes.

Ok. ... One other question, do you know of anybody else, any one of your employees, or anybody that might have done the same thing that you did here? Anybody on your construction crews, or anything like that?

Um, [] told me that [] signed, signed off a couple of them, too. b6
b7C

[] who?

[]

Ok. All right, I think that'll be, that'll conclude the statements for today, the time is uh, 15:06 hours.

TAPE ENDS

[] 5450

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b7C

1/2/81

While at AC Houston one day, [redacted]
called [redacted] and told him to tell
[redacted] to sign - possibly summer 90.

The portion of the Tribe Wk order
stating person to be delivered to was
empty.

did so for [redacted] 2 x

[redacted] 3-5 x - not deliver

- 1 -

The following investigation was conducted by Special Agent (SA) [redacted] on March 4, 1992:

b6
b7CAT GALLUP, NEW MEXICO

On May 8, 1991, [redacted]

[redacted]
[redacted] was interviewed by [redacted]
employed by [redacted] the Navajo
Nation, and [redacted] with the Special
Investigations Unit of the Navajo Nation Department of Justice.

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This interview is being included in this file as it makes reference to [redacted] indicating that Sunshine Builders of Chinle, Arizona, frequently conducts business with the Navajo Nation due to the fact that Sunshine Builders is owned and operated by [redacted] a Navajo. [redacted] acknowledges that the A.C. Houston Lumber Company of Gallup, New Mexico, actually supplies the building materials to the Navajo Nation through Sunshine Builders.

198B-AQ-43505-13

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FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/10/92

Attached hereto and made a part hereof are three pages consisting of a memo detailing an interview conducted with [REDACTED]

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[REDACTED]
[REDACTED] This interview was conducted by [REDACTED]
[REDACTED] employed by [REDACTED] a
[REDACTED] the Navajo Nation, and [REDACTED]
[REDACTED] with the Special Investigations Unit of the Navajo
Nation Department of Justice. This interview was conducted on
May 8, 1991.

This memorandum makes reference to attachments of copies of purchase orders which were not provided with this memorandum.

The attached interview memo was personally delivered to the Gallup Resident Agency of the Federal Bureau of Investigation (FBI) on February 26, 1992, by SA [REDACTED] Salt Lake City Division.

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Investigation on 3/04/92 at Gallup, New Mexico File # 198B-AQ-43505-14
by SA [REDACTED]/cmg Date dictated 3/04/92

b6
b7C

MEMO

To: Case File 2740.4093

From: [REDACTED]

Date: May 8, 1991.

Re: Navajo Housing Services Dept.; [REDACTED] allegations of NHSD monies used for building supplies for NTC members.

On May 2, 1991 [REDACTED] and I met at the Special Prosecutor's Office in Window Rock, AZ with [REDACTED]. [REDACTED]

[REDACTED]. According to [REDACTED], Sunshine Builders contracts frequently with the Navajo Nation, being that Sunshine Builders is owned and operated by [REDACTED] a Navajo, and A.C. Houston supplies the supplies to the Navajo Nation through Sunshine.

Prior to speaking with [REDACTED] [REDACTED] and I had received information from [REDACTED] the Navajo Housing Services Department (NHSD) that building supplies contracted by NHSD to Sunshine Builders had been given to members of the Navajo Nation Tribal Council (NNTC) and that the paperwork on each of the transactions had been fraudulently prepared to indicate that the supplies were delivered to persons that did not exist, according to [REDACTED]. The following Purchase Orders are suspected of being fraudulently prepared:

1. # 35622; indicated recipient is [REDACTED], building supplies for a one bedroom home; amount - \$8,258.42. Dated 03/06/90.
2. # 35627; indicated recipient is [REDACTED] building supplies for a one bedroom home; amount - \$8,258.42. Dated 03/06/90.
3. # 35629; indicated recipient is [REDACTED]; building supplies for a one bedroom home; amount - \$8,258.42. Dated 03/06/90.

[REDACTED] told us that [REDACTED] of NHSD, would routinely telephone him and inform him that he was sending persons over to meet with [REDACTED] at A.C. Houston Lumber Co. to pick up building materials. [REDACTED] said that [REDACTED] further would tell him that NHSD personnel would arrive at A.C. Houston at a later date to sign receipt for the materials or that [REDACTED] should meet [REDACTED] in his office in Window Rock where [REDACTED] would get personnel to sign a receipt so that Sunshine Builders/A.C. Houston would get paid for the materials.

[REDACTED] said that on his copy of Purchase Order # 35622 he had written, [REDACTED] picked up" and that [REDACTED] was a NNTC member who had picked up the

materials described. In reference to Purchase Order # 35627 [] recalled that [] had telephoned him that NNTC [] would be picking up the materials for []. [] further recalled that [] told him to give [] the materials described and that he [] would provide him with a change order at a later date, which he never did. [] said that [] arrived and he [] arranged for him to receive the []. [] said he had written something to that effect on his copy of the Purchase Order. In reference to Purchase Order # 35629 [] recalled that NNTC [] [] had picked up the materials described and that he had indicated as such on his copy of the Purchase Order.

On May 3, 1991 [] and I met at A.C. Houston Lumber Co. in Gallup NM with []. He provided us with copies of his copies of the aforementioned Purchase Orders and the attached Sunshine Builders invoices describing the materials. I asked [] why the invoices showed an "Order Date" of "06 JUN 89". [] was unable to explain this. He had previously (05/02/91) told us that this was the date he received the Purchase Orders but when I pointed out that the Purchase Orders were dated 03/06/90 he was unable to provide an explanation other than to say that it must have been a computer foul-up.

ATTACHMENTS: Copies of Purchase Orders provided by []

[redacted] (Sunshine [redacted] - a Nav
ACHerston K's to ✓ Nav Nat thru Sunshine

[redacted] would routinely call him &
tell him he was sending people over
to pick up building materials

[redacted] would have NHSD personnel
sign receipts for the materials either
at Window Rock or site

[redacted] 8,258 1) [redacted]

8,258 2) [redacted] for [redacted]

8,258 3) [redacted]

The work orders had fraudulent names
on them

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 3/02/92

A Federal Bureau of Investigation (FBI) Confidential
Witness provided the following information:

THE INFORMATION IN THIS REPORT IS
SINGULAR IN NATURE AND WILL TEND TO
IDENTIFY THE SOURCE.

b6
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b7D

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b7D

Investigation on 2/20/92 at Gallup, New Mexico File # 198B-AQ-43505

by SA [REDACTED]/cmg Date dictated 2/25/92

b6
b7C

This document contains neither recommendations nor conclusions of the FBI. It is the property of the FBI and is loaned to your agency; it and its contents are not to be distributed outside your agency.

Date 3-17-92

☐ Birth ☐ Credit ☒ Criminal ☐ Death ☐ INS ☐ Marriage* ☒ Motor Vehicle ☐ Other ☐
☒ Driver's License

To		Buded	
Return to	- Gallup	File number	198B-AQ-43505

b6
b7C

Name and aliases of subject, applicant, or employee, and spouse

Addresses

Residence

Business

Former

*Date and place of marriage
(if applicable)

3

Race Navajo Indian	Sex ☐ Male ☐ Female	Age	Height	Weight	Hair	Eyes
Birth date	Birthplace					
Arrest Number	Fingerprint classification		Criminal specialty			

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Specific information desired

Social Security Number

Results of check

III
DL for
DMV for
SSAN trace

198B-AQ-43505-116

SEARCHED	INDEXED
SERIALIZED	FILED
APR 01 1992	
FBI - ALBUQUERQUE	

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- 1 -

The following investigation was conducted by Special Agent (SA) [redacted] on April 7, 1992:

b6
b7CAT GALLUP, NEW MEXICO

On May 2, 1991, [redacted] was interviewed by [redacted] employed by [redacted] the Navajo Nation, and [redacted] with the Special Investigation Unit of the Navajo Nation Department of Justice.

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This interview is being included in this file, as it makes reference to [redacted] indicating that [redacted] Sunshine Builders invoices reflecting that he received \$8,258.42 worth of building supplies, which he did not in fact receive. [redacted] the Sunshine Builders invoice when it was provided to him by [redacted] at the A.C. Houston Lumber Company in Gallup, New Mexico.

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198B-AQ 43505-17

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 4/07/92

Attached hereto and made a part hereof are 21 pages consisting of a memo detailing an interview conducted with [REDACTED]

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This interview was conducted by [REDACTED] employed by [REDACTED] the Navajo Nation, and [REDACTED] with the Special Investigation Unit of the Navajo Nation Department of Justice. This interview was conducted on May 2, 1991.

This memo identifies [REDACTED] as having the date of birth of [REDACTED], the Social Security Account Number of [REDACTED], and the Navajo Census Number of [REDACTED].

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b7C

The attached interview memo was personally delivered to the Gallup Resident Agency of the Federal Bureau of Investigation (FBI) by Special Agent [REDACTED], Salt Lake City Division.

Investigation on 4/07/92 at Gallup, New Mexico File # 198B-AQ-43505 -18

by SA [REDACTED] cmg Date dictated 4/07/92

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b7C

MEMO:

To: Case File 2740.4093

From: [redacted]

Date: May 13, 1991

Re: [redacted]

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b7C

On May 2, 1991 [redacted] and I met at the Special Prosecutor's Office in Window Rock, AZ with:

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b7C

In a tape-recorded statement [redacted] advised us of the following:

1. [redacted] signature is on Sunshine Builders invoice # 1-062480 as having "Received the above in good condition", the "Above" being building materials at a cost to the Navajo Nation (NHSD) of \$8,258.42, said supplies intended for [redacted] pursuant to Navajo Nation P.O. # 35630. [redacted] does not recall exactly when he signed this invoice, however, b6 he said that he neither received these materials nor delivered them to b7C a [redacted]. [redacted] did recall that sometime during the spring of 1990 he was instructed by [redacted] and [redacted] at NHSD, told him to sign some invoices at A.C. Houston Lumber Co. in Gallup, NM which would be supplied to him by [redacted] an employee of A.C. Houston and of Sunshine Builders. When [redacted] arrived at A.C. Houston [redacted] gave him Sunshine Builders invoices to sign, which [redacted] did.
2. In late 1990 [redacted] gave [redacted] which he needed [redacted] [redacted] described this as his payoff for having signed the invoices for [redacted]

ATTACHMENTS:

Cassette-recording of stmt by [redacted] (File only)

Transcript of stmt.

Copy of documents re N/N P.O. # 35630 & Sunshine Builders invoice # 1-062480

b6
b7C

TRANSCRIPT OF [REDACTED] INTERVIEW
5-2-91

b6
b7C

[REDACTED]
[REDACTED]
[REDACTED]

b6
b7C

Ok. My name is uh, [REDACTED] in the employ of the uh, Special Prosecutor for the Navajo Nation. Today's date is the 2nd of May, 1991. The time is 15:35 hours. I'm presently at the offices of the Special Prosecutor in Window Rock. With me also now is [REDACTED] with the Special Investigations Unit, Department of Justice Navajo Nation. At present, [REDACTED] and I are speaking with an individual by the name of [REDACTED] is that correct, sir?

Yeah.

Ok. Speak clearly. Uh and, [REDACTED], what is your date of birth, sir?

b6
b7C

[REDACTED].

And your Social Security No.?

[REDACTED].

Your census number?

[REDACTED].

Ok. And your home address?

Uh, [REDACTED].

[REDACTED]?

[REDACTED].

Ok. Your home telephone?

(Inaudible)

Ok. No home phone. And where are you, where do you work presently?

Uh, [REDACTED].

[REDACTED]. And what do you do for them?

[REDACTED]

Yeah.

That'd be for [REDACTED]?

Yeah.

Ok. How long have you worked there?

Uh, about [REDACTED] now.

About [REDACTED]. So you were working at uh, for the [REDACTED]
[REDACTED]?

Uh, yeah.

Ok. And he was your supervisor who assigned you tasks to do?

Uh huh.

Ok. Uh, presently, uh, we're going to be discussing an invoice, it'd be Invoice No. 1-062480. From Sunshine Builders in Chinle, Arizona and it would also be pursuant to Navajo Tribe Purchase Order No. 35630. Those the numbers you see up here? [REDACTED]
[REDACTED]? Is that correct?

... No, I don't see.

No, I'm just asking you if this is the correct invoice No. 1-062480?

Oh, yeah.

Ok. All right. And uh, this invoice contains, uh, approximately 11 pages description of building materials. At the bottom of this invoice, [REDACTED] it has what appears to be your signature. Is that your signature?

Yeah.

Ok. It says [REDACTED] correct?

Uh huh.

That's your handwriting and your signature?

Yeah.

Ok. And that is so on each one of these?

b6
b7c

Yeah.

Ok. Some of them say [redacted] ...

Uh huh.

Ok. Parts of them you can see just a certain, it's a poor copy, you can barely see it, but you did sign this form?

Uh huh.

The original one?

Yeah.

Ok. All right. This form shows that uh, these materials were to, intended for a [redacted], is that correct?

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Uh, yep.

Ok. Do you know a [redacted]?

No.

Have you ever delivered materials, uh, building materials to a [redacted]?

No.

Ok. All right. Do you know why your signature is on these, this invoice in all, in its entirety as, as having received uh, the above-described building materials?

Well, ah, I was just told by [redacted] to sign these tickets.

Ok. That would be [redacted]?

Uh huh.

And he told you to sign some uh, blank, uh, or not blank, he told you to sign some Sunshine Builders' invoices?

Yeah.

Ok. We, we talked before we went on the record here, and uh, you said that uh, some time in the spring of 1990, you believe it was, you were at the Hogan Tso ...

Yeah.

... I guess it's a building supply store in, here in Window Rock.

Uh huh.

Ok. And that you then ran into, you were looking for some plumbing supplies?

Also a chuck key, yeah.

Plumbing supplies and a chuck key?

For a drill.

For a drill? Ok. And that's why you were there.

Yeah.

Ok. And who did you met when you were there?

[redacted].

When you say [redacted], you mean [redacted]?

Yeah.

Ok. [redacted]?

Uh huh.

Ok. And what, what did he do when he saw you in the store there, at the Hogan Tso?

Ah, it was, I don't know, he asked me, what are you doing here, in front of these guys, and then I just kinda got embarrassed and then I just said I'm here to see if these guys had a chuck key and also some plumbers, it's a plumbing ___ store, so-and-so, and then he just, go right A.C. Houston and then ...

He told you to go to A.C. Houston?

He told me.

Ok.

He told me ...

And that's a building, building supply store in Gallup?

Yeah.

Ok. Is A.C. Houston to your knowledge associated with Sunshine Builders?

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b7c

I think they, yeah, they are together, I think.

Ok. They work together?

Uh huh.

Ok. And [redacted] told you to go to A.C. Houston Building Supply in Gallup?

Yeah.

Why did he tell you to do that?

Ah, to pick up the stuff that I need.

Ok. In other words, some plumbing supplies and a chuck key for your drill?

Yeah.

Ok. What else did he tell you to do at A.C. Houston?

Ah, sign some tickets.

Were those his words "sign some tickets"?

Yeah.

What did he mean by that?

Ah, these kind of tickets.

Ok. These invoices?

Uh huh.

That we're looking at here?

Yeah.

Ok. And who did he tell you to make contact with there?

[redacted]

Ok. And [redacted] for Sunshine Builders?

Yeah.

Ok. And also with A.C. Houston?

Yeah.

b6
b7c

Ok. And he wanted you to meet with [] to sign some invoices as having received some building materials?

Uh huh.

Ok. Even though he knew that you had not received the materials?

Yeah.

Ok. And you agreed to do that?

Uh huh.

Ok. Why?

Because, just to get those plumbing items that I need and then he was kinda like a, a mean person to me, asked me what to do and I just do it.

Ok. All right. He was somewhat intimidating as a boss?

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b7C

Yeah.

Ok. And you felt that, uh you wouldn't be able to get your plumbing supplies for the job you were working on any other way?

Yeah.

Ok. Couldn't you just go back to him and say I need plumbing supplies for this job and put in the proper paperwork?

Ah, hadn't thought about that.

You hadn't thought about that that way, all right. Ok. So then, uh, did you leave Hogan Tso immediately?

Yeah. He said go ahead and go over there, I'll call ahead of you.

Ok. So he was going to call []?

Uh huh.

All right. So what happened when you got to A.C. Houston in Gallup?

Just got the plumbing materials and then ...

Who got them for you?

Ah, [] picked 'em up.

Ok. Did he already know what you needed?

Yeah.

Ok. Were those the same plumbing materials that you needed for the uh, [redacted] that you and I had talked about previously? A month or two ago?

... I think so, yeah.

You think it was for the same?

The same and a few for the other clients.

Ok. But you're not sure?

Uh huh.

'Cuz remember when we talked about that, I asked you, what you had done for [redacted] and you said you had uh, put plumbing materials in it, correct?

Yeah.

Ok. All right. So you needed plumbing supplies for, you think on this occasion, that we're talking about here today, you think you needed plumbing supplies for that job, but you're not sure, it might have been some other job?

Uh huh.

Ok. All right, getting back to the issue at hand here, uh, you got your plumbing supplies from [redacted]? Had [redacted] told him what you needed? Did he know what you needed when you got there, in terms of plumbing supplies?

Just told me, get what you need.

Oh, ok. [redacted] or uh, [redacted] told you to get what you need?

Yeah.

What was the value of the supplies you needed?

About, less than \$20.

Ok. And what was the value of the chuck key for your drill?

Uh, about seven cents.

b6
b7c

Ok. All right. So did you get those materials?

Yeah.

Ok. And then while, then what did you do?

Ah, I just, he gave me these tickets and then I signed them off on it.

[redacted] gave them to you?

Uh huh.

Was that in his office? At A.C. Houston?

Yeah.

How many of them did he give you?

Shoot, I don't know. I said, 10, or 12 but I don't know, maybe it was these kind of things, like that, uh, I was talking about ...

b6
b7c

Ok. It might have been 10 or 12 separate contracts? They were each 10, they were each 11 pages along?

Um, I'm not sure.

Ok.

I'm not sure now.

All right, 'cuz this one we're looking at with your signature on it is, I believe it's an 11 pager, let's see here (pages rustling) 1, 2 ... 7 8 9 10 11, this looks like a 12, 12 page invoice slip, ok? How many of, how many of these similar 12 page invoice forms did [redacted] have you sign? Was it just one or was it more than one?

There was more than one ...

Ok. Less than 5?

Yeah, less than 5.

Somewhere between 1 and 5?

Uh huh.

Ok. And they were each about 12 pages, 11 pages?

Yeah. 'Cuz I was signing like my full name ...

Uh huh, on the first page?

... and ... yeah, my, my hand kinda got tired ...

I can see where you went to [] rather than []
[] All right.

Uh huh.

All right. When you were signing these, was the material section, or the description of the materials, was that already, uh and the cost was that already on the forms that you signed?

b6
b7C

I think so, yeah.

You think so. Ok. How about the "Sold to" portion of that, was that uh, was that filled in?

Um ...

Or was this blank?

Um ... shoot, I'm not too sure.

You're not sure?

Yeah.

Ok. All right. Do you know what happened with the materials that were described on the forms that you signed? You know?

I just gave them all back to []

Ok, yeah, you gave the form back to [] I understand that, but do you know what happened to the materials, were they delivered anywhere?

(Laughs) I don't know.

You don't know? Yeah.

Yeah.

Well, you laugh when you say that, how come?

'Cuz I just signed 'em all and just gave right back and just ...

Just signed 'em and gave 'em back?

Yeah.

So as far as you know, they could have been, you know, not delivered at all, right?

Yeah. Yeah.

You ever talk to anybody about this after you did that?

Shoot, yeah, a lot of guys that I work with like [redacted].

Did [redacted] ever, that'd be [redacted]?

What's that?

That'd be [redacted]?

That you talked to after you signed off?

Oh.

Is that, is that his name?

Yeah. I don't know ___, I just imagine, I just imagine it, ___.

Ok. Did they tell you they had done the same thing for [redacted]?
Signed off on these forms?

Ah.

Has anybody else ever told you they'd done the same thing?

No.

Ok. Did you get anything in return from [redacted] for signing on these forms?

Um, well, I got some lumber from him.

When?

See, when was, (Mumbles to self) I think close to the end of the year, last year.

End of 1990?

Yeah.

And [redacted] gave you some lumber?

Uh huh.

Why'd he do that?

b6
b7c

I just asked him.

Where did he get the lumber?

Uh, Navajo, New Mexico.

Navajo, New Mexico?

Yeah.

From what company?

The uh ...

NFPI?

Yeah, NPI.

Navajo Forest Products Industries?

Yeah.

Who paid for the lumber?

I guess, um, I don't know, he just gave it to me.

What did you need the lumber for?

For uh ...

Speak up.

[redacted].

Ok. All right. And where is [redacted]?

It's right at ah, um, [redacted]?

[redacted]? Is that where you're living now?

Uh uh. I'm living in [redacted]..

Ok. You live in [redacted]

Can you spell that for the recording?

[redacted]

Ok. And who lives in [redacted]?

Ah, well, [redacted].

b6
b7C

I see. All right. So sometime towards the end of 1990, you asked [] if he could get you some lumber, huh?

Uh huh.

How come you went to him?

Let me see, um, I think he mentioned to me on these tickets, he said, go ahead and sign those tickets on me and then if you need anything just ask, so I did.

Ok. All right. That's what I was asking you earlier. That's why I asked before we went on the record here, I asked you if, you know, if uh, he gave you anything in return.

Well, you weren't recording that time.

Oh, ok. And I'm recording now and you want to tell the truth now, is that correct?

b6
b7c

Yeah.

Now let's back up a little bit. Back to that, the drill chuck key ...

Uh huh.

... you mentioned that you needed some plumbing materials for a client. Did you get anything for yourself at that time?

Uh uh.

So, when, when was it that [] told you that he'd get you whatever you wanted, was that when he told you to go to, when he saw you at []?

Yeah. He kinda calmed down, [] down, then, no, let's see, it was later on some times in the, back in the closer to the end of the year ...

After, after you had already signed off on some of these things for him?

Yeah.

How many times did you do this for him? How many times did he ask you to sign off on these forms?

Just that time.

Just that one time?

Uh huh.

No other time?

No other time.

Ok.

And also, _____ I want to bring this up, and then on that same day that I pick up, to sign these papers?

Uh uh.

I pick up some, uh, 4 by 4 lumber, about I think it was 18 piece.

4 by 4 by what?

Lumber. 4 by 4 by, I think it was 12 foot.

Ok. What'd you need it for?

I pick up uh, 18, 18 posts, that [] told me to pick it up.

b6
b7c

Who were the posts for?

I guess himself.

Where'd you deliver the posts?

At his house.

At his house? Where's his house?

Right over there on ...

[]?

Yeah.

Ok. And who signed off on the posts?

I did.

You did. On one of these forms?

Yeah. And later on during that day, to this "sold to" my name was on there.

Your name was on there?

Yeah.

In, in reference to the posts?

Yeah.

[redacted]

Uh huh.

It said paid on there, for the posts?

Um, I think so, yeah.

Who paid for the posts?

I don't know.

You don't know.

Later on, when I was up here, at Central Office, looking at these tickets and then, um ...

You saw one of these with your name on it?

My name, yeah.

As the recipient of the materials?

Uh huh.

Was that of construction materials or just the posts alone?

Ah, just the posts alone, 4 by 4 by 8.

So the, so that Housing Services was charged for those posts?

I think so, yeah.

And those were the posts that you delivered to [redacted] home?

Uh huh. Yeah, and then he used my name on the ticket.

What, what did [redacted] use those posts for?

I don't know, I just delivered it ...

Ok.

... at his house.

Do you have an idea now what the approximate value of those 18 posts was?

b6
b7C

Shoot, I don't know.

8 bucks a post?

Somewhere around there, yeah.

Somewhere around there?

Uh huh.

All right.

b6
b7C

You did never ask, go back and ask why your name appeared on the tickets?

I asked him why he put my name on the ticket, he said don't worry about it.

You asked [] that?

Yeah.

And he said don't worry about it, huh?

Uh huh.

All right.

You didn't push it any further then?

Uh uh.

Were you afraid of him?

I was afraid of him.

Ok. How come?

'Cuz he, one time, I, I questioned something like, I think it was that same day, why is my name on there, and then about that post that I deliver at your house and I asked him, then he told me, you want a suspension? That's what he told me.

He told you, he said you want a suspension?

Yeah.

He was going to give you a suspension from work for asking questions?

Yeah.

(Laughs)

And then, I, then I just, didn't bother to ask.

All right. Where were you when [] told you that if you ever need anything?

Think it was in his office in Window Rock.

In Window Rock, here? In his office?

Yeah.

That would have been towards the end of 1990?

b6
b7C

Yeah.

Ok. When he knew that they were going to be going out of office soon?

Yeah.

All right. Any, what were you guys doing in there, talking about this, that and the other, or what?

Well, uh ...

Why were you in his office?

I was going, I was asking, if he would approve my leave slip.

Ok. And what did he tell you?

He said what's, what is it for and then he said I just told my, my general license ____.

You told him what?

My general license going to expire.

And you needed to go renew it?

is that correct?

You needed time off to do that?

Uh huh.

Ok.

So, he just said, go ahead, sign the, give me a leave slip, he just sign off on it, and then he told me, if you need anything, just tell me, I'll get it for you.

Ok. Like what, what did he mean by that do you know?

I don't know, probably um, sign tickets or if I need some material, lumber, or, or ...

So then you left his office?

Yeah.

When was it that you told him you needed some lumber?

Um, in November, I think.

b6
b7C

Is that not long after he told you that?

Uh huh.

It was?

Yes.

Ok. What'd you tell you needed exactly?

The lumber.

Ok. How much lumber did you need?

Let's see, uh, about 30 piece.

What size?

2 by 8, 2 by 6.

By?

By, I think it was 16 footers.

And uh, did you ask him if he could get that for you?

Yeah.

Ok. What'd he say?

Sure, why not?

All right. Where'd he get it, he got it from Navajo, New Mexico?

Yeah.

'Ok. What was the cost of that lumber, do you know?

Uh, I don't know, no, I just went in there and picked 'em up, so ...

Oh, he just told you to go up there and pick it up?

Yeah.

He arranged for it right there on the spot?

Let me see ...

Think that Housing Services paid for it, the same way that happened with the posts?

Well, I think that was NBC, Navajo Building Company?

Uh huh.

b6
b7C

I think, I don't know what happened to that company, I guess they, they clean up their, uh, their equipment and then they left all the materials back to the Housing Service..

You're saying it wasn't NFPI it was NBC, that you got the, the lumber from back in November, 1990, is that what you're saying?

Well, that NFP, it was the NFPI ...

Some times.

Building, yeah.

Did you ever see any paperwork at Housing Services that indicated that Housing Services paid for your lumber [REDACTED]?

Um ...

Did you sign off on any documents that uh ...

Uh uh, there was no ticket like this ...

All right.

... I didn't sign anything.

When you went up there, who did you contact?

[REDACTED] I think he went over there ahead of me, and then I went over there.

Oh, ok. So [] was there when you went to pick the lumber?

Yeah.

Did you see [] pay anybody for the lumber?

No.

Did anybody ask you to pay them for the lumber?

No.

So, did you use your personal vehicle to get it, or Tribal vehicle?

b6
b7C

Personal vehicle.

What's your personal vehicle>

Um, []

Ok. So that was your pay-off pretty much for having signed these things for him?

I think so. (All laugh).

You think so. Ok. All right. Is there anything else you can tell us today about this or any other type of deals like that, with uh, involving yourself, [] or anyone else?

... No.

Ok. All right. I think we'll end the statement. The time is uh, 15:57.

TAPE ENDS

[]

[redacted] dob [redacted]

- ① During Spring 90, [redacted] told him to sign invoices from AC Houston 1-5 when [redacted] went to AC Houston, he was given Sunshine invoices to sign by [redacted]. One time

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b7C

In Nov 97 [redacted] gave [redacted] as payment for [redacted].

- ② Did plumbing in [redacted]

[redacted] said "sign the tickets then, ask me if you need anything."

- ③ picked up lumber, delivered it to [redacted] home - same day

[redacted] threatened suspension for asking q's

Memorandum



To : SAC, ALBUQUERQUE (198B-AQ-43505) (P) Date 4/21/92

From : SA [REDACTED] (GRA)

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Subject: UNSUB(S), dba
A.C. HOUSTON LUMBER COMPANY;
THE NAVAJO NATION - VICTIM;
CIR - FRAUD
OO: ALBUQUERQUE

This investigation was instituted on 11/13/91, upon receipt of information to the effect that the Navajo Tribe and, as a result, the U.S. Government may be the victim of a fraud scheme being perpetrated in part by the operators of the A.C. Houston Lumber Company of Gallup, New Mexico. An allegation was made that the A.C. Houston Lumber Company has been selling lumber to the Navajo Tribe, to be used in the construction of homes on the Navajo Reservation, which was recut and remarked in such a manner as to conceal the fact that the lumber being provided is of a lower grade than required by the building and contract specifications. An allegation was also made that the lumber being supplied is deliberately marked above the legitimate selling price so that a "front business," doing business as Sunshine Builders in Chinle, Arizona, receives a substantial kickback for submitting the paperwork provided by the A.C. Houston Lumber Company to the Navajo Nation governmental offices for reimbursement and, by so doing, is fraudulently claiming that the lumber being supplied is from Sunshine Builders, a Navajo owned and operated lumber yard.

Following the receipt of this information, several building sites were visited by the writer and observations were made of the building materials provided to the building site.

To date, no individual has been identified as a recipient of a cash kickback and no other complaints have been received concerning the operation of the Navajo Housing Services Purchasing Office.

On 4/03/92, 4/08/92, and 4/15/92, the writer telephonically contacted Assistant United States Attorney (AUSA) [REDACTED] in reference to this investigation. This

2) - Albuquerque

[REDACTED] cmg

(2) cmg

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4/21/92

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investigation was discussed at length, but as the allegations which initiated this investigation have not been corroborated, no prosecutive guidance could be provided.

LEADS:

GALLUP RESIDENT AGENCY

AT WINDOW ROCK, ARIZONA

1) The case agent will interview [REDACTED]

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[REDACTED]
telephone number [REDACTED] in reference to the purchasing practices of that office and attempt to determine if that office is in fact the victim of a fraud scheme.

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 5/14/92

[redacted] date of birth [redacted]
[redacted] work telephone [redacted] was personally contacted at his place of employment, advised of the official identity of the interviewing Agent and the purpose of the interview. [redacted] then provided the following information:

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[redacted]
[redacted] He knows the Navajo tribal governmental system very well. [redacted]
[redacted] he had no affiliation with the Navajo Housing Services Office and did not know the office existed.

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Immediately after being informed of the allegations of fraud involving the Navajo Housing Services Office, [redacted] asked if these allegations were brought by [redacted]. The writer then advised [redacted] that the writer was not in a position to inform [redacted] of the origin of these allegations, however, [redacted] was advised that the allegations consist of the following:

That the A.C. Houston Lumber Company in Gallup, New Mexico, is delivering poor quality building materials when they are being paid for high quality materials.

The cost of the lumber and materials being provided by A.C. Houston is being deliberately marked above the legitimate selling price so that a "front business" receives a substantial cut for their involvement.

[redacted] in February, 1992. He described [redacted] as a "con artist." [redacted] the Navajo Housing Services for approximately [redacted]. He describes her as a person who "hangs people" by manipulating information and documents.
[redacted]

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Investigation on 5/8/92 at [redacted] File # 198B-AQ-43505-20
by SA [redacted] sgj Date dictated 5/8/92

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Continuation of FD-302 of [redacted], On 5/8/92, Page 2

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[redacted] for several reasons which include the following:

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1. [redacted] was providing building materials to [redacted] is married to [redacted] a Navajo Indian female. He believes that [redacted] provided [redacted] with between \$13,000-\$14,000 worth of materials which the tribe paid for. He believes that this was an ethical violation on [redacted] part and a substantial part of the reason that [redacted] essentially gave a house to [redacted] which was paid for by the Navajo Tribe.

2. [redacted] gave seven or eight building contracts/projects to [redacted]. No bidding process was involved in awarding these contracts to [redacted]. In addition to this, [redacted] was not certified by the Navajo Tribe as a contractor at that time. After receiving these building contracts, the paperwork was completed which enabled [redacted] to become certified as a contractor by the tribe.

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3. [redacted] was using a GSA vehicle for personal business and errands. He was informed of this by the Mc Kinley County Sheriff's Office who observed the same.

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4. [redacted] "funneled" a lot of computer equipment to [redacted]. [redacted] are in the process of trying to recover some of this equipment.

He further described [redacted] as "being on the take."

[redacted] has begun and continued with an aggressive letter writing campaign in which she has made many complaints about the operation of the Navajo Housing Services Office.

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[redacted] has "opened a can of worms." He has attempted to stay out of the subsequent problems, [redacted] [redacted] the Special Prosecutor's Office to provide the Special Prosecutor's Office with assistance in resolving this matter.

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Continuation of FD-302 of [REDACTED], On 5/8/92, Page 3

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He has not been provided with specific information by the Special Prosecutor's Office, but has been informed that indictments will be forthcoming.

He believes that most of the fraud which has been committed by employees [REDACTED] involves "only tribal money." Much of the fraud he considers "self help" in which employees have carried away materials and packages for personal use which have been paid for by the tribe.

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[REDACTED] is an employee who was close to [REDACTED] can provide information in reference to her association with [REDACTED]

He does not believe that [REDACTED] construction work is up to building standards. Each of [REDACTED] projects have failed inspections due to "real poor workmanship." [REDACTED] does not believe that [REDACTED] knows what he is doing when he builds a project. [REDACTED] has had four or five different inspectors look at [REDACTED] work and all have indicated that it was substandard work.

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In reference to the allegation that A.C. Houston has been supplying substandard building materials, [REDACTED] has received only one complaint concerning the building materials supplied by the A.C. Houston Company. This complainant was [REDACTED] partially responsible for the substandard building materials if, in fact, the same were delivered as [REDACTED]

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[REDACTED] believes that the specifications concerning building materials used on the Navajo Indian Reservation are "shoddy." He believes that low standards were intentionally set so individuals could "screw the system."

[REDACTED] is to let 200 additional building units/contracts out to bid this or next week. [REDACTED] attempting to upgrade the materials listing and specification requirements in an effort to improve the building projects being constructed on the reservation.

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Continuation of FD-302 of [redacted], On 5/8/92, Page 4

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[redacted] inspected building sites and has found most materials at these sites to be within specifications. Occasionally he observes that incorrect or wrong parts have been delivered to the building site, but in most cases these are simply minor problems with plastic PVC plumbing pipe.

The worst area for shoddy building projects [redacted] observed has been in the Torreon area. He thinks that this may be due to the remoteness of the Torreon area and the fact that individuals associated with these building projects did not think that [redacted] inspect the projects in the very remote areas. In two of the homes, [redacted] very badly weathered and warped rafters in the construction projects. The lumber used in these rafters appeared to have been stored outside for many years. [redacted] observed mismatched plumbing parts. He is unsure as to who delivered the building materials to the sites, but believes that it may have been A.C. Houston of Gallup, New Mexico, or another lumber company out of Farmington, New Mexico.

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Following the allegations made by [redacted] concerning the substandard building materials, [redacted]

[redacted]

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Although [redacted] has had major problems with fraud in the past, [redacted] has taken many steps to minimize this fraud. He believes that [redacted] there were major problems including the failure of vendors to deliver materials to building sites as ordered. Another problem involved inspectors, [redacted] who were supposed to be at the building sites signing receipts after the building materials were delivered. On occasion, the inspectors would sign receipts without being at the building sites and without checking on whether or not the materials were delivered.

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Continuation of FD-302 of [REDACTED]

, On 5/8/92

, Page 5

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[REDACTED]

[REDACTED] Another step [REDACTED] taken in an attempt to prevent fraudulent deliveries is the shifting of inspectors. By rotating inspectors through the field and office, the vendors find it more difficult to get too close to the inspectors to arrange a fraudulent deal.

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He has known of situations in the past when the trucks delivering the building materials arrive at the delivery sight at approximately 5:00 p.m. After a late arrival, the truck driver would slip the building inspector \$20 and inform the building inspector that the inspector's presence was not required and that the truck driver could unload the materials without assistance/supervision. He suspects that after the inspectors left the site, the trucks would not leave the materials that they had been paid to leave.

To prevent this problem in the future, [REDACTED] mandated that inspectors [REDACTED] must be present to watch the materials being delivered and to inspect the same. [REDACTED] that two inspectors monitor the delivery of the building materials.

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He believes that most of the fraud associated [REDACTED] goes back to the [REDACTED] administration. There have been recent tribal council mandates which are attempts to "clean up" the system.

The Office of the Navajo Housing Services has only been in existence for 13 or 14 years. In the past, this office has only been a "political give away program." The directors of this office in the past have habitually provided tribal officials with homes and building materials at the cost of the tribal government. The former director of this office also provided many of his girlfriends with homes which were paid for by the tribal government. In an attempt to prevent these abuses, [REDACTED] decentralized the process of awarding building contracts and has attempted to involve more individuals in the process to eliminate a few individuals from being able to perpetrate these frauds. In an attempt to prevent these frauds, [REDACTED] essentially restructured the entire office.

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Continuation of FD-302 of [redacted], On 5/8/92, Page 6

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[redacted] had a lot of problems from the more senior employees who resent the manner in which [redacted] running the office. In particular, those employees paid by the Bureau of Indian Affairs (BIA) are reluctant to submit [redacted] authority. [redacted] contacted senior BIA officials in an attempt to secure their cooperation with controlling the employees [redacted]. As he understands it, the 638 Contract is a tribal self-determination contract and specifically allows the tribal government to control many of the programs even though the programs are funded by the BIA.

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As to the second allegation that the price of building materials is intentionally being inflated so that the "front business" receives a payment for submitting contracts to the tribal government for payment, he is sure that it has been occurring and that abuses are occurring, however, the extent of the abuse is not known.

Within the last year, the tribal government has begun a "restrictive bidding process" which requires that the tribe conduct business only with vendors certified by the tribe. Although this limits the number of vendors conducting business with the tribe, it also ensures an open and competitive bidding process.

Initially, [redacted] considered territorializing the tribal contracts in which certain vendors would be awarded contracts and building projects which were to be constructed in a certain area of the reservation. [redacted] to do this would not be approved as there were legal problems with administering the same.

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The A.C. Houston Lumber Company "always" seems to be involved in all bidding processes. [redacted]

[redacted] he believes that the A.C. Houston Lumber Company may be receiving information pertaining to contracts which enables them to submit the low bid on many projects. He has been suspecting [redacted] of providing information which would allow a vendor to submit a bid just over the minimum amount set by the tribe. [redacted]

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Continuation of FD-302 of [REDACTED], On 5/8/92, Page 7

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[REDACTED]

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In the past, the A.C. Houston Lumber Company would frequently receive 90% of all tribal contracts. Due to changes [REDACTED] and the fact that bids are now solicited from five different vendors, he believes that the A.C. Houston Lumber Company now receives approximately 25% of all tribal building projects.

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[REDACTED] also initiated a strict scheduling control in which if a vendor submits a bid, the vendor must deliver the building materials within two days of the bid being accepted.

As to the "front businesses" being operated on the reservation, he believes this to be allowable by tribal law. Due to the "Navajo Preference Law", front businesses are permitted to operate within the Navajo Reservation. To be a legitimate Navajo business, the business must be located on the Navajo Reservation and be supervised/operated by a Navajo person. The Navajo individual is required to do the accounting and the check writing for that business. He believes that there are many abuses of these rules [REDACTED]

[REDACTED] The Navajo Preference Law became law approximately five years ago. [REDACTED]

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He is aware of Sunshine Builders being [REDACTED] [REDACTED] in Chinle, Arizona. Prior to Sunshine Builders, Yellow Horse Supply was another front business being operated in essentially the same manner.

At one time, Sunshine Builders was decertified by the Business Regulatory Department. Following this decertification, Sunshine Builders was not allowed to do business with the Navajo Tribe. Following this decertification, tribal politicians attempted to order the Business Regulatory Department to recertify Sunshine Builders. The tribal politicians were unable to do this as they had no authority to direct the Director of the Business Regulatory Department on which businesses should retain certification. To circumvent this, the tribal politicians

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Continuation of FD-302 of _____, On 5/8/92, Page 8

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removed the Director from the Business Regulatory Department and put in a new Director. The new Director then subsequently did certify Sunshine Builders.

He is aware that tribal councilmen and their families have been allowed to charge building materials to Sunshine Builders for personal projects. The invoices were then submitted by Sunshine Builders to the Office of the Navajo Housing Services when the previous Director was in office. The previous Director would then authorize payment to the A.C. Houston Lumber Company through Sunshine Builders for these materials.

In the past, he believes that the A.C. Houston Company "came in and wrote their own ticket." He believes that they were facilitated in this by employee espionage.

Due to the fact that the tribal government allows these front businesses, the business conducted by and through them is not in itself illegal. However, in the case of Sunshine Builders of Chinle, Arizona, the business is supposedly _____

_____ the Navajo Housing Services Offices for bidding purposes. During these visits, _____

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_____ very little was documented concerning the projects built by that office. He has seen files pertaining to previous projects and they are virtually empty. Many of the employees employed in that office could not write sentences. In an attempt to prevent fraud, _____ insists that everything be documented. He is aware that many of the clients serviced by the Navajo Housing Services Office in the past were "ghost clients." These clients consisted of a name only. Any attempt to determine who received building materials and where these materials were delivered was virtually impossible. There were no maps in the file and no identifying numbers such as a client's date of birth or Social Security Account Number. In some cases, an obviously fictitious person was shown to have received building materials for a home which was never built.

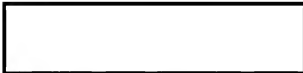


U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to
File No.

P.O. Box 25186
Albuquerque, New Mexico 87125-0186
June 26, 1992



Navajo Department of Law Enforcement
Criminal Investigative Section
Drawer J
Window Rock, Arizona 86515

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Re: Unknown Subject(s),
doing business as
A.C. Houston Lumber
Company;
The Navajo Nation -
Victim;
Crime on an Indian
Reservation - Fraud

Dear :

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On November 13, 1991, the Federal Bureau of Investigation (FBI), Gallup Resident Agency, received information to the effect that the Navajo Tribe and, as a result, the United States Government may have been the victim of a fraud scheme being perpetrated by the operators of the A.C. Houston Lumber Company in Gallup, New Mexico.

An allegation was made that A.C. Houston Lumber Company was selling lumber to the Navajo Tribe, which was to be used for the construction of homes on the Navajo Reservation, that had been recut and remarked in such a manner as to conceal the fact that the lumber being provided was of a lower grade than required by the building and contract specifications. An allegation was also made that the lumber being supplied was deliberately marked above the legitimate selling price so that a "front business," doing business as Sunshine Builders in Chinle, Arizona, receives a substantial kickback for submitting the paperwork provided by the A.C. Houston Lumber Company to the Navajo Nation governmental offices for reimbursement and, by so doing, was fraudulently claiming that the lumber being supplied was from Sunshine Builders, a Navajo owned and operated lumber yard.

1 - Addressee

2 - Albuquerque (198B-AQ-43505)

cmg

(3)

*No BA notification
as WPS covers all
law enforcement via
SCS contact.*

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Following the receipt of this information, several building sites were visited by Special Agent (SA) [redacted] and observations were made of the building materials provided to the building sites.

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During this investigation, no individual was identified as a recipient of a cash kickback and no other complaints were received concerning the operation of the Navajo Housing Services Purchasing Office.

On May 8, 1992, SA [redacted] personally contacted and interviewed [redacted] [redacted] was informed of the allegations of fraud involving the Navajo Housing Services Office. [redacted] then related a number of measures that he has taken since becoming [redacted] the Navajo Housing Services [redacted] to prevent further incidents of fraud. Due to the lack of documentation by the previous Director, past incidents of possible fraud cannot be successfully investigated.

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In view of the above, no further investigation is being conducted in this matter by the FBI.

If you have any further questions, please do not hesitate to contact SA [redacted] of the Gallup Resident Agency, telephone number [redacted].

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Sincerely yours,

Bernardo M. Perez
Special Agent in Charge

By: [redacted]
Supervisory Special Agent

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ADMINISTRATIVE:

Due to the Bureau of Indian Affairs (BIA) not participating in investigations on the Navajo Reservation, the BIA was not notified of this matter.

Memorandum



To : SAC, ALBUQUERQUE (198B-AQ-43505) (C) Date 6/15/92

From : SA [redacted] (GRA)

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Subject: UNSUB(S), dba
A.C. HOUSTON LUMBER COMPANY;
THE NAVAJO NATION - VICTIM;
CIR - FRAUD
OO: ALBUQUERQUE

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Reference memorandum of Special Agent (SA) [redacted]
[redacted] to SAC, Albuquerque, dated 4/21/92.

On 5/08/92, the writer personally contacted and interviewed [redacted] at his place of employment. [redacted] was informed of the allegations of fraud involving the Navajo Housing Services Office and immediately thereafter attempted to guess the source of these allegations. Although [redacted] guess was neither confirmed nor denied by the writer, [redacted] continued the interview as if there was no doubt as to the source of the allegations.

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An FD-302 was completed following the interview of [redacted] and is included in this file. A review of this FD-302 indicates that [redacted] has taken a number of measures since becoming [redacted] the Navajo Housing Services Office to prevent further incidents of fraud. Due to the lack of documentation by [redacted] many incidents of possible fraud cannot be successfully investigated.

As there is not a substantiated violation of federal law in this matter, and because there have been no further complaints/allegations of fraud by other building contractors, and due to the fact that the Special Prosecutor's Office of the Navajo Nation Department of Justice is currently investigating possible violations of tribal law, it is recommended that this case be closed.

(2)- Albuquerque

[redacted] cmg
(2) cmg

1* -

[redacted]

7/2/92

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